

103

**STRATEGIES FOR ECONOMIC GROWTH—
SAVANNAH AND THE SAVANNAH RIVER REGION**

Y 4. B 22/1:103-106

Strategies for Economic Growth-Sava...

FIELD HEARING
BEFORE THE
SUBCOMMITTEE ON
ECONOMIC GROWTH AND CREDIT FORMATION
OF THE
COMMITTEE ON BANKING, FINANCE AND
URBAN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

DECEMBER 15, 1993

Printed for the use of the Committee on Banking, Finance and Urban Affairs

Serial No. 103-106



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STRATEGIES FOR ECONOMIC GROWTH— SAVANNAH AND THE SAVANNAH RIVER REGION

WEDNESDAY, DECEMBER 15, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC GROWTH
AND CREDIT FORMATION,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:12 a.m., in the city council chambers, 2 East Bay Street, Savannah, GA, Hon. Paul E. Kanjorski [chairman of the subcommittee] presiding.

Present: Chairman Kanjorski.

Also present: Representatives McKinney and Fields.

Chairman KANJORSKI. The hearing will come to order.

Today, the House Subcommittee on Economic Growth and Credit Formation holds the fifth in its series of field hearings on credit availability and economic growth. Today's hearing is the first we have held in the South and I would like to thank my colleague, Congresswoman Cynthia McKinney, for inviting the subcommittee to Savannah to hold this hearing. I also want to thank the people in the Savannah area for the warm hospitality they have shown the subcommittee. I would like to also welcome to the subcommittee hearing today, our fellow Representative Cleo Fields, from Louisiana's Fourth Congressional District. I know we all appreciate his participation and interest in addressing the economic development needs of Savannah and the Savannah River region.

As most of you know, in 1992, the election brought a major change to Washington. In addition to changing control of the executive branch and the Presidency, the voters sent an unprecedented number of new Members to the U.S. Congress. Cynthia McKinney and Cleo Fields personify the change which has taken place in our Nation's Capital. As a Member first elected in 1984, I am here to tell you that this change has reinvigorated the House of Representatives and indeed the Government of the United States as a whole.

Cynthia—and I am not going to call her Congresswoman McKinney—and her colleagues came with a new perspective to Federal Government, a mandate for change in a real sense and an unwillingness to put up with business as usual. I discovered very early that Cynthia and I shared a common interest in economic growth and job creation.

For years, we have heard that American workers must retrain themselves to be more productive and competitive in the international marketplace. This is true. But few people have fully

national marketplace. This is true. But few people have fully grasped the concept that retraining is not enough. There must be jobs available for workers when they are trained.

Constantly, as I circulate in my district in the State of Pennsylvania, everybody asks the final question: If we do retrain, if we do upscale, will there be jobs? In other words, for what? And I think it is incumbent upon the Congress, the President, and the people of the United States as a whole, to address probably one of the most challenging questions economically facing the industrial world today. It is not only an American problem, it is a problem that exists with our competitors in Japan and in the European Common Market. What we are addressing here in Savannah is a world class problem, and it is not going to be easily solved. But, if we do not get on with it and if we do not have an American solution to it, we are going to have very serious problems, not only in the immediate years ahead, but for decades ahead.

We are depending on the witnesses to be our eyes and ears, to instruct us, so that those of us on this subcommittee can go back to our colleagues in the Congress and inform them of what government can and must do to solve these problems. So we really do look forward to your testimony, it is very important to us. You would be absolutely amazed at the amount of legislation that actually occurs in the Congress of the United States as a result of an idea of one individual at one field hearing such as this.

Cynthia may not have had this experience in her first year as a Member of Congress, but I am sure before she ends her term, she will be drafting a specific piece of legislation that will be solely the idea of one constituent. It will be an idea that should have been attended to or thought about, but really never was. You pick up these kinds of ideas in meeting or a hearing such as this hearing today.

We hope to be rather informal today. We have three panels which will be open to questions. Please feel that your testimony will be inserted in the record in whole. If you want to ad-lib, please feel free to summarize your testimony. We really want to have a give and take question and answer period, which is far more productive for us and, I think, for you too.

All the witnesses have prepared statements, which have been submitted in full for the record. Of course, I would like to have the opening statements of my charming companions, Congresswoman McKinney and Congressman Fields. I made a comment to someone right before that Cynthia represents a significant change in the Congress. She is the new generation of a new leadership that is not interested in more specialization or special interests or special favors. She brings to the Congress a broad perspective on economic growth. It is such a fresh breath of air. So often in past Congresses we have seen a repeat of the old processes. Finally, though, in this 103rd Congress with the additions of Cynthia and Cleo, we have been approaching problems with new ideas and with the intention of really coming up with sound solutions.

I cannot tell you how pleased I am to hold my first hearing in the southern part of the country on this particular subject and to do it at the express invitation of my favorite colleague from Georgia, Congresswoman McKinney.

And out of order—well I guess it is not out of order, Cynthia, since you are both of the same seniority. So I defer to your opening statement.

Ms. MCKINNEY. Thank you, Chairman Kanjorski. Allow me please to express my appreciation and the appreciation of Savannah, Georgia, and the 11th Congressional District for your willingness to come to Savannah to hold these hearings today.

Paul Kanjorski is one of the senior Members of Congress, and he has truly been a mentor to me. We have worked together on various projects and undoubtedly we have just begun another such endeavor, working together trying to make a difference for all of our constituents and for this country. Thank you, Mr. Chairman, for your confidence in me and your willingness to stand with the people of the 11th District to implement change for this country. I continue to rely on your wise counsel on many tough issues facing Congress and our Nation today.

Cleo Fields is a respected fellow Member of the freshman class. You will see him many times in the Speaker's chair, if you watch C-SPAN. I would like to take this opportunity to especially thank Cleo for coming from the border country of the bayous of Louisiana to the historic port city of Savannah, site for the 1996 Olympic yachting events. I am proud to count Cleo as my colleague and my friend.

Savannah and the Savannah River region have the natural asset of the river and its port. This region has a wealth of agricultural abundance and valuable mineral deposits. Its people are hard working and many are graduates of one of several fine institutions of higher learning here.

But the prosperity of the region has not been distributed evenly. Too many of our residents are unable to find jobs that will support their families and still others find that the Federal programs and banks from which they ask for assistance with opening businesses have regulations that they find impossible to meet. Far too many find the doors of opportunity slammed in their faces and turn to the underground economy of crime for survival and their version of success.

That is why the survival of institutions such as the Farmers Home Administration, the Savannah Minority Business Development Center, and the Small Business Assistance Corporation are so important.

The military complex that supports much of the area is subject to reductions in our forced downsizing and restructuring. In the long run, I believe the conversion to peace time applications of our scientific knowledge will benefit our economy, but support is needed for a transition to civilian applications of the experience and knowledge our residents gained in military service.

This time of year, people express their confidence in the economy with the purchases they make for family and friends. But the roots of a strong economy require more than just the season's shopping.

Our prosperity depends on the hard work of our people, the vision of our corporate leaders and the cooperation of our government leaders. And while we want the blessings which come with economic development, we prefer that they not come at the expense of the quality of life or the health of our citizens.

Government is an important partner in economic prosperity. From the interstate highway that brought us into town, the restored buildings that are part of Savannah's charm, to the port that allows our products to flow to markets around the world, the support and funding of the Federal Government is essential to our region's prosperity. I support the proposed Georgia Maritime International Trade Center and will lobby for an empowerment zone for the 11th Congressional District. I am also studying ways to assist with the creation of an international trade incubator proposed by Savannah District Export Council.

By holding these field hearings, we hope to get a sense of the ways the Federal Government helps economic development. As economic development programs and conversion initiatives come before Congressman Kanjorski's subcommittee and the whole of the House of Representatives, these hearings will enhance the process and certainly my thinking about effective strategies for economic development.

I would like to thank Mayor Susan Wiener, the Savannah City Council, the Savannah Area Chamber of Commerce, Gray Line, Savannah Landmark Tours, and the Savannah Convention and Visitors' Bureau for their help in my first 11th Congressional District hearing in Savannah.

I would also like to thank Chief Afolabi and other members of my Savannah Advisory Council for lifting up the idea of the importance of economic development. And I would also like to recognize the elected officials who are here and who are supporting us with their presence today.

Mr. Chairman, I look forward to these hearings.

Chairman KANJORSKI. Thank you very much, Congresswoman. Also, I would like to ask unanimous consent to insert a letter of welcome from Congressman Jack Kingston, who was unable to be with us today. I know he has been cooperating with Ms. McKinney, and we had hoped that he would also be with us.

[The letter referred to can be found in the appendix.]

Mr. Fields.

Mr. FIELDS. Mr. Chairman, I would like to thank you for convening this subcommittee hearing today, and I would also like to thank my colleague, Congresswoman Cynthia McKinney, for inviting me to participate in an event addressing the economic needs of Savannah and surrounding areas.

Economic development and the like are great concerns to me and other members of the Banking Committee. As a freshman Member of Congress, I have worked for improving economic development and growth in our country. I believe our efforts in Congress this year are beginning to have an impact on our Nation as we approach the new year. Our unemployment rate has decreased and many economic indicators point toward a movement out of the recession that has plagued our country for the past several years. With Congress' recent passage of NAFTA, we need to move now to retrain our work force, but with retraining comes the needs to develop strategies to employ unemployed people. I hope to see a positive step toward that area in the next year. As the chairman stated, retraining is not enough, there must be job availability to workers once they are retrained.

Today, I look forward to hearing each of the panels and their successes and failures in promoting economic development in the Savannah area. It is important that we realize the accomplishments and the deficiencies of all of the programs on the State, local, and national level. This is the only way that we can address these areas and become more effective in our assertion to try to bring about better economic development.

Your ideas and thoughts are central to building future programs and implementing policy goals and steps for retraining workers, increasing the number of skilled workers in our community and developing businesses in the areas of this country that need assistance for our future.

I want to thank the chairman again and also want to thank you, Cynthia, for having such foresight to have a meeting of this magnitude in your district. I represent an area called the Delta, which is a very economically depressed area in our country and whenever a Congressman takes the initiative to talk about economic development, it is always good, because there is one thing that we all have in common, and that is jobs, jobs, and more jobs. So I want to thank you, Cynthia, for inviting me and I thank the chairman and yield back the balance of my time, and am looking forward to hearing from the panels.

Chairman KANJORSKI. Thank you very much, Mr. Fields.

Cynthia, we have something else in common, you represent the 11th District of Georgia and I represent the 11th District of Pennsylvania. So our numbers match.

But I want to say, if ever anything should happen in the future, and I hope it does not, I have got a little bit of military intelligence to take back to Pennsylvania. You have to protect your flanks when you are in Georgia I see.

We have now an exciting panel, and we look forward to hearing their testimony on goals for sustainable growth in the greater Savannah area. I welcome Mr. Richard Knowlton, president and CEO of Savannah Economic Development Authority; Mr. Roy Jackson, president of Savannah Business League; Representative Diane Harvey Johnson, president of CAA Consulting Corp.; and Ms. Helen Head, Chair, Savannah Area Chamber of Commerce.

We look forward to hearing your testimony. As I have previously stated, the full text of your testimony will be, without objection, inserted in the record. If you could summarize so that we could get to the questions and answers, we would really appreciate it. We will start the hearing with Mr. Knowlton.

STATEMENT OF RICHARD KNOWLTON, PRESIDENT AND CEO, SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY

Mr. KNOWLTON. Thank you, sir. We very much appreciate you being in our community and this opportunity to present our thoughts and share our thoughts with you.

I am Dick Knowlton, president of Savannah Economic Development Authority, the organization responsible for attracting new investment to the Savannah area and working with existing industries and businesses in Savannah in attempts to help them stay and help them with expansions plans that they might have.

In 1986, our organization undertook a strategy from reactive to proactive. I think that we can be beneficial to this panel discussion for two reasons. Our organization is unique in those respects in the State of Georgia. First, we are independently funded, we receive no tax funds for our organization, all of our operating capital funds are generated by ourselves. The other point is we operate as a nationally and internationally recognized marketing system—

Chairman KANJORSKI. Mr. Knowlton, could you talk into the microphone a little closer there?

Mr. KNOWLTON. The second point is that we operate a nationally and internationally recognized marketing program that creates well over 150 visits to our city each year by clients considering the Savannah area. We receive aid and assistance from allies at the Federal, State, and other related organizations and well over 85 percent of our activities are generated by ourselves. I think those two points do make us unique in the economic development field and hopefully those are the hallmarks in our discussion.

There are two points that we would like to address in the panel discussion itself; one, as it relates to small companies, we find a gap in financing to be the typical problem that prevents those companies from ending up in our success list. In terms of large projects and significant economic impact that has to do with wastewater and how can we all share the cost of dealing with wastewater needs and the infrastructure that it takes to deal with larger companies. We find those two issues that affect our ability and we would like to talk about them in the panel discussion.

Thank you.

[The prepared statement of Mr. Knowlton can be found in the appendix.]

Chairman KANJORSKI. Very good. Thank you very much.

Mr. Jackson.

STATEMENT OF ROY JACKSON, PRESIDENT, SAVANNAH BUSINESS LEAGUE

Mr. JACKSON. Thank you very much, Mr. Chairman, other members of the subcommittee.

I am delighted to have this opportunity to represent the Savannah Business League and small businesses particularly in the Greater Savannah area.

The Savannah Business League is an advocate organization for small and minority business. Of course, we are a strictly voluntary membership organization that is not supported by staff. Our organization is typical of the nature of small and minority businesses, we have to struggle, of course, to make do with whatever we can get from our own resources. So we are delighted to be here and particularly delighted that Cynthia McKinney, who represents this area, had the foresight in order to convene this hearing and hold it in this region of the State. We very much appreciate that, Cynthia. And, of course, we look forward to your continued support for this region and our continued support for you.

I am going to also be brief. I wanted to talk about sustainable growth from basically two standpoints. One is on occasions when we begin to talk about growth and economic development, we generally focus on major businesses and, of course, not on small busi-

nesses. I think that any time you start talking about economic development strategies or economic planning, I think certainly in the future you must talk it from two categories and that is from a large business standpoint and a small business, and in particular a minority business standpoint. And the reason I make that point is because the economic conditions do not impact those sets of businesses in the same manner. If things are good, they are better for larger businesses than they are smaller businesses. If they are bad, then they are worse for smaller businesses and minority businesses than they are larger businesses. So I think any strategy has to take into account both of those situations.

I will not go into any other details, Mr. Chairman, it is printed. If there are any questions, I would be glad to answer.

[The prepared statement of Mr. Jackson can be found in the appendix.]

Chairman KANJORSKI. Thank you very much, Mr. Jackson.
Ms. Johnson.

STATEMENT OF REPRESENTATIVE DIANE HARVEY JOHNSON, PRESIDENT, CAA CONSULTING CORP.

Ms. JOHNSON. Mr. Chairman, members of the panel, it is indeed my privilege and pleasure to be with you this morning.

I was somewhat dismayed when they told me that I had 5 minutes for an opening statement. I assure you that you can tell that it takes me a little longer to say things, but it does not take me as long to say chairman as it does Strom Thurmond. [Laughter.]

So I will get through it. But certainly to you and to our Congresswoman Cynthia McKinney, Representative Fields, whose area I recently visited on the occasion of one of your colleagues, Sherman Copeland, hosting the National Business League Convention. But, Mr. Chairman, I brought for you—I am a politician and I know what to do—I brought for you this morning a goodie bag and in that is what the Chatham County Democratic Party calls a “Bill Bear.” This is a souvenir left over from our own local inaugural celebration and it says “I was with Bill on January 20, 1993.” I have for you 350 recipes from the best cooks in Georgia, and this is the “Welcome to Good Eating in Georgia” cookbook. I also have “Economic Growth through Travel and Tourism,” a plank for the Clinton administration compiled by the national chairman of the Travel Industry Association of America. And some other goodies. We have a bag for our Congresswoman and Mr. Fields as well.

When I have a chance to dialog with my fellow panelists on the panel this morning, I will go into further depth about three particular areas that were identified in interviews with other business people in the area. Those three areas will be the need for a vehicle which will allow for greater participation in contracts, especially in the public sector, but also the private sector is of concern as well. And this is in light of the *Croson v. Richmond* decision. I think we need to be looking for some way to encourage local areas to seek economic parity in contracting.

Number two will be the need for greater business ownership development among minorities, specifically the African-American community. In this area, as you know, we are more than 50 percent of the population. And as that 50 percent goes, so does Savan-

nah and the metropolitan area. There is the need to encourage development because we want to play our role in helping to solve the problems of unemployment and many of the other problems that face the community. Economic development and participation in the economic mainstream is just as important as it was for us to participate in the political environment as well. We have our civil rights on the book. Mr. Chairman, it is time for silver rights, s-i-l-v-e-r.

Third, jobs; we want to suggest jobs through not only the mainstream economic areas, but our second largest industry in this area is the tourism and hospitality industry. That might be an area that we need to look more closely at in terms of bringing in a larger number of minorities, as well as women-owned businesses. In light of the 1996 Olympics, I think this is a very exciting time for all of the people, the leadership of Savannah, to come together and plot our courses on into the 21st century, and we certainly appreciate Representative McKinney and your interest in assisting us in these areas.

[The prepared statement of Ms. Johnson can be found in the appendix.]

Chairman KANJORSKI. Thank you very much.

Ms. Head.

STATEMENT OF HELEN HEAD, CHAIR, SAVANNAH AREA CHAMBER OF COMMERCE

Ms. HEAD. Good morning. Thank you for this opportunity to speak about the important subject of economic growth in this region.

I have the privilege of being the first woman chairman of the Savannah Area Chamber of Commerce since we were founded in 1807. While you may not expect a 186-year-old organization to be active in economic development, we definitely are. Seventeen hundred of our businesses are small businesses and 80 percent of them employ less than 50 people each. So we are delighted that 1,500 businesses each year write membership checks for economic development, and you will note why the chamber is involved in these activities.

We have two priorities in our community. The number one effort has been in the area of public education, but our number two priority has been in the area of business development. The chamber has proven its activities to the successful competition for the Olympics and in leading the passage of referendums for road and school improvements and downtown development, and for supporting for 5 years the Savannah Regional Minority Purchasing Council. We have contracted for research in governmental consolidation plans for the river environment and long-range community planning. Our current major thrust is to support an international maritime trade center for our port and hospitality industry. All of these tasks have been undertaken in the service of improving the climate in Savannah for business development.

I have some specific recommendations that I would like to make. In the area of trade center funding, we have obtained 75 percent of a \$75 million funding through State and local efforts and we feel that the remaining \$19 million of funding would be an appropriate

Federal economic development initiative, given the job creation impact and the minority business and job plan that will be implemented.

The Small Business Assistance Corporation has proven its innovation in providing financing for very small and women-owned businesses and I would urge you to investigate this unique organization and the funding that they have created with a view to learning how this might be replicated and how best to support this type of effort.

Community development block grants funding has been very successful in supporting the Small Business Assistance Corporation. However, the use of these funds in the area of business development is increasingly difficult and we would like you to look into this area as well.

Under community banking, look at some of the regulations and cutting the burdensome paperwork would be very helpful, and being vigilant in seeing that these things are accomplished in order to make money available to the consumer.

Bank community development corporations are another avenue of financial support in the community, and in Savannah such a bank CDC could accelerate downtown development and increase the production of affordable housing.

In the area of empowerment zones, we are very interested in that; we think it is a very useful tool and encourages targeted investment in job production. However, in the State of Georgia, we have established enterprise zones that are restricted and we would ask that you be careful in looking at that because medium-sized cities have not had the experience in working with these and Federal legislation should not repeat Georgia's mistake of excluding smaller urban areas from this program.

And finally, on the Georgia ports, Georgia ports were established in 1733. It serves as our State's gateway to domestic and international trade ensuring a variety of low cost goods and services are available to consumers. It is a self-supporting port, it promotes use for the world's trading nations, creates a competitive advantage by allowing Georgia's companies to leverage their strength in world commerce both as exporters and importers.

We will be completing the deepening of our river channel to allow us to handle the new draft ships, but along with that goes an expensive cost, a cost of \$35-\$45 million which will be shared by the State and Federal Governments. These kinds of projects are vital to our State in continuing to support the 63,000 jobs that are currently traced back to this particular industry and the \$200 million that is collected annually in U.S. customs.

We would ask that you consider funding the Intermodal Surface Transportation Efficiency Act of 1991, making the landside link to the ports and funding the annual construction budget of the Corps of Engineers which is essential to meeting our demands of increased cargo tonnage and vessel movements by larger ships in the international fleet calling on Georgia's ports.

I would like to thank you for this opportunity to represent the members of the Savannah Area Chamber of Commerce, and express some of our economic development interests.

[The prepared statement of Ms. Helen Head can be found in the appendix.]

Chairman KANJORSKI. Thank you very much, Ms. Head.

Those were great statements. I would make the observation as a northerner, if I may, that we often hear that the South feels that government has no role, in a proactive sense. If I may say so, the impression in Washington is that the South would rather rise on its own. But you have enlightened me. You have repeated things we hear throughout the United States, it is no different in the South than in any other area; you do see a role for government and you expect us to take some positive action.

By chance, I was reading the *Atlanta Constitution* yesterday and I noticed that Georgia has a problem with construction standards now and is looking for some assistance to standardize and make sure there is proper inspection, so that builders are held to the standards they should be. I would like to make a simple observation. Government has the attention of the media, but when government does things that are correct, it becomes invisible, and when government makes an error or mistake, it gets blamed and indicted for everything that has gone wrong. Let me give you an example: We have recently experienced in Washington a drinking water problem where we had to boil our water. This is one of the only countries in the world where all people can drink water with relative safety. This may not seem impressive, but there are a lot of people on the local, county, and State levels, as well as the Federal level, who do their job every day in silence, so that you and I can drink water! Those people get attention only when there is a breakdown in the system. There is very little attention paid to the day-in, day-out, year-in, year-out success rate. This same principle applies to the invisible hand of government working in cooperation with the private sector. It so very often goes unnoticed—this cooperation—but it is at hearings like this that we get an opportunity to try and disassemble the economic scheme of things and identify the proper role for government with relation to the private sector. That is what this is all about.

I would sort of like an open discussion regarding various agencies of government on a local level, particularly Federal agencies. If you could sort of critique what agency you think you have had the most success with and why, and then what agency that has not been very successful and why, it would be very helpful. When I say Federal agencies, I mean everything from the Economic Development Administration to the Farmers Home Administration to community development programs administered through HUD. I would like to get a sense of what you think is right and what you think is wrong with these agencies. I would basically like some local observation as to how we can correct the wrongs.

Maybe, Mr. Knowlton, you could start out. I notice you made the observation that you are very proud, and I am too, of how much you do on the local level. But some of the funds that are used at the local level are ultimately State or Federal funds, so you probably have actually worked very closely with some agencies of the Federal Government.

Mr. KNOWLTON. In particular, we have worked with the Small Business Administration and with organizations within our com-

munity that work with the Small Business Administration. Frankly, I think those relationships are fine. There are other folks in the audience I know that have more direct relationships than we, but I think that is a good situation as it relates to the Savannah assistance group and as it relates in our regional efforts. That is probably the major organization that in our function we become involved with from an infrastructure and a development perspective. We really do not apply the EDA grants, do not apply for the kinds of things that we have been doing—

Chairman KANJORSKI. You have not been using EDA grants? It is primarily the Small Business Administration that assists the business organizations.

Mr. KNOWLTON. That is correct. Our industrial park water system was originally funded by an Economic Development Administration grant and obviously that has benefited, there are about 1,000 people working at that industrial park right now. If we have learned anything it is that without infrastructure, you just cannot build anything of consequence without the basic infrastructure in place.

Chairman KANJORSKI. Let me ask you, if I may, if there is venture capital for either entrepreneurs or small business people, for those people who want to expand or enlarge or go into a new business as a result of new technology, is there a ready availability of venture capital in the Savannah area?

Mr. KNOWLTON. I would say it is very limited, my experience anyway. There are certain individuals within our community that will participate in financing projects that have a very good likelihood of succeeding, but in terms of venture capital as you typically think about it and companies that participate in venture capital, unfortunately, we need to go where most of those companies are located. We have found that the California venture capital companies are solely focused on the west coast and do not operate on the east coast.

Chairman KANJORSKI. So that if I had a novel invention, a better gavel if you will, I wanted to open up a business in the Savannah area that would employ under 50 people, I would have a difficult time if I had no venture capital of my own, right?

Mr. KNOWLTON. You would have a difficult time if you were a startup without a track record that required pure venture capitalists as it is perceived in the marketplace, yes. I do not think that is unique to Savannah, I think that is common to all small cities outside major metropolitan areas. We could and we have taken projects to Atlanta, but there is no formalized structure in which to deal with this problem.

Chairman KANJORSKI. The most recent bill that Cynthia and I are the original cosponsors of, H.R. 3550, is called the Technology Transfer Act. What it does basically is create a national data pool of American technology that the government has invested in over the last 20 or 30 years and makes it accessible to anyone from any spot with a modem. Then it establishes a marketing technique to use, something similar to the Discovery Channel, that would spend 1 minute, 3 minutes, or 5 minutes describing the technology. We have never had national marketing of government-owned technology. The other two aspects of it are that you would have a single

source to buy the technology from, so you would not have to go through red tape with the government. You could make one call and create a public/private venture corporation. And, finally, we were looking at putting about \$3 billion a year into venture capital, and we are trying to find the proper vehicle through which to do this—whether it be the Economic Development Administration, Small Business Administration, or a new entity. A person with an idea, wanting to go into business, could take a technology that has been developed by taxpayers' money and build it in the United States—hopefully in secondary markets such as Savannah. That person could get the \$500,000 or \$1 million or \$2 million in venture capital necessary to start this process.

Assuming all those ideas were to become realities within about the next year to 1½ years, do you think it would be a helpful process for the creation of new jobs in Savannah?

Mr. KNOWLTON. I think it would have a significant impact. One of the two points I wanted to discuss, we call gap financing where we are talking about the same thing really. We are talking about the individual who has an idea on how to provide a better service to a unique and specific market, or create a better product, who when gathering all the available funds from their own family and their friends and their parents and anyone else they know, they have a specific amount of capital, but they do not have any collateral, and whether it is called venture capital or whether it is called filling the gap, in many respects it is exactly the same thing. And I think in our own instance, particularly with the smaller companies we are working with, we would have twice the success rate that we currently have if there was an ability or a place in which to obtain that missing—that amount which is today missing, and for all business reasons. Therefore, that individual project goes away. Yes, it would make a big difference to us.

Most of the projects that we work on are small businesses. The ones that make the headlines and that everyone talks about are the 200 jobs or the 400 jobs or the 600 jobs, but if you look at the companies that announce their location in Savannah this year, there is well over 20, probably closer to 30, and about 25 of those 30 are small businesses in our way of thinking, companies with less than 25 people in a less than 25,000 square foot facility. So if we could double that success rate, if you want to call it a success rate, and we could have 30 or 40 companies a year, the answer is yes, that would have a significant impact on a community the size of Savannah.

Chairman KANJORSKI. That would be taking care of your members, Ms. Head.

Ms. HEAD. Yes.

Chairman KANJORSKI. That is quite a number; 1,700 are under 50 employees.

Ms. HEAD. Yes, 1,500 have under 50 employees.

Chairman KANJORSKI. I do not want to take up all the time. Ms. McKinney.

Mr. JACKSON. Mr. Chairman, if I may—can I address that same question, if I may?

Chairman KANJORSKI. Yes.

Mr. JACKSON. The reason being because when Dick talked about small businesses and I speak of small businesses, believe me, we are talking two different sizes and I think that is important to point out to the subcommittee because when they talk about businesses that are 25 employees and 50 employees and I say small businesses, I am talking about small businesses that are a lot smaller. And, of course, when I talk about minority businesses, I am also talking about businesses that are a lot smaller.

But what is very, very interesting is exactly what Dick said, you can probably triple, three or four times, when you talk about the small businesses that I mentioned, and, of course, minority businesses face the same situation but it is just even greater. I put in my comments a capital funding proposal similar to what Dick discussed. He called it gap financing, but the reason I put that in is because I was going after the same kind of situation and the same problem where you have a small business or business person with an excellent idea, great training, all of the attributes in order to be a successful business person, but, of course, is missing the equity portion that needs to match a bank loan or other financing in order to make the deal go. That person cannot find that kind of money anywhere. So gap financing would help in that situation a tremendous amount. I wanted to make that point.

Let me also talk about the governmental agencies that I have had some experience with, and, of course, the success or lack of success with that particular agency. And I speak mainly about the SBA.

First of all, I have in my notes, I think one thing that needs to happen is that the definition for minority business needs to be certainly carefully looked at and the reason for that is that included in that definition is majority female. And we all know the advantage that a majority female has over other minorities. The other problem with it is that other minority populations are growing so much that they are eroding the ability to get minority businesses into the mainstream, which was intended when that definition was, of course, created. So it needs to be looked at. In my opinion, I think minority businesses, African-American business, needs to be put into a category all to themselves because that category of business has not achieved getting into the mainstream.

Chairman KANJORSKI. That is an interesting question, Mr. Jackson. It is very difficult. You know, we all come from different parochial districts, so we all have slightly different definitions for words like "minority." I am sure if you are black and you are in Georgia, you are labeled a "minority," but when you get up to Congress, minority turns out to mean Asian, it turns out to mean Hispanic, it turns out to mean female. The set-aside contracts for minorities are almost just a loss. Quite frankly, I think there are probably more Native Americans that get into business on the minority set-asides than black Americans.

Without going back to days of identification, which I think are not productive for the country, do you think we ought to look at funding? Don't you think we need to come down to areas like Savannah, identify the business community, and then help set up something like a CD bank or a venture capital bank? There is an obstacle to new businesses: Lack of money. Obviously, business

should be operated by people who are successful in that field, but as important as the people is the money, the venture capital. If you do not have that, I do not care how good you are, how smart you are, you cannot get into business. And we are trying to avoid identifying or setting up special categories because Washington notoriously does a poor job of handling it. The issue becomes the political mix of the politics of the country instead of creating jobs. If you come from California, and you do not designate Asian-American as a minority, there go 54 votes, Cynthia, or something like that. You just are not going to pass a bill if it gets bogged down in the definition of "minority." So from that practical standpoint, although the importance of enlarging our definitions will always be there, it would be foolish for us to say we will go back to Washington and target this issue. It is really not going to be done.

So I am looking at avoiding battling definitions. We need to find another way of enlightening ourselves. We want to bring everybody into an equal but competitive position in government.

Mr. JACKSON. I think perhaps another way that could be done, it could be addressed on need. There is no question when you evaluate need, you are going to find that African-American businesses are not going to rate with any other minority in terms of need. And I think that would probably have some advantage as well.

The last point that I would make, you mention that the 8(a) Program certainly needs to be looked at, I think needs to be revamped, I do not think it needs to be eliminated but I think it needs to be strengthened. The SBA Loan Programs, my personal opinion is that you are less likely to be successful in small business; with \$25,000 loans and \$50,000 loans, it is very hard to make a business go unless you have got a lot of other assets. There ought to be a program to look at funding projects that are greater than that, the \$100,000 to \$500,000 projects where you could go buy a franchise or go into a larger corporation involving a spinoff, or you could attract a larger corporation going into business with you on some other kind of spinoff that that business might have. I think they have got a good program to allow minorities to get into those kinds of areas in order to have an impact on having a successful business.

Chairman KANJORSKI. Ms. Johnson.

Ms. JOHNSON. I want to comment on what he said.

Chairman KANJORSKI. Yes, just jump in. And Cynthia and Cleo, do not hesitate.

Ms. JOHNSON. I would like to go back, Mr. Chairman, if I may, to your inquiry about whether or not we can assist the African-American business without including it in minority. Although I look young, Mr. Chairman, I attended the White House Conference on Small Business back in 1980 as a Georgia delegate and I was a part of the Women's caucus when just hundreds of white women were determined that they should be included in the 10-percent minority business set-aside. Those of us who were African-Americans tried to tell them, why after African-Americans have marched and been beat over the head and whatever to get 10 percent, why do you want to horn in on 10 percent. Get your own, let the women get their own 10 percent, and therefore, that would be 20 percent

for the women and the minorities. But they were determined to get in on that 10 percent, and what has happened is that has pitted the white woman and the African-Americans against each other still fighting over 10 percent and the same people have 90 percent that they had all along.

There is absolutely nothing wrong with designating ethnicity. I am an African-American, I am black to the bone and I do not have any problem with anyone saying that I am black or whatever. I know that you and I are different. We have no problems with designations of African-American, Jewish-American, Italian-American or whatever. We have had problems with discrimination because of the differences, not just being designated as different.

What we have as a situation is that the very funds, the very programs that the Federal Government has set in place to assist African-Americans, people who cannot bring to the table the same thing that everybody brings because of our history. If I had 400 years of the money that my people had in this country passed out for generations, then I could bring it to the table. But it is not a level playing field and we know the reasons why. So when we hold up those same criteria of collateral, equity injection, and so forth, we know that we are going to delete a lot of African-Americans who just not have—we are as new to the typical person in the economic mainstream as we are in many cases in the political arena. That is not to say that there were not always African-American entrepreneurs, but I say when you hold those same traditional standards up every time, you are going to find that your percentage of African-Americans who are able to participate in the very programs designed for them, will not be able to cut the mustard.

Right now we have community development block grants, all other kinds of funds that were set aside and designed to assist urban areas, that are being used in programs that are supposed to help minorities, but when you look at the statistics, you will find that the very minorities that they were designed to help are not being helped because of some of this.

So whatever it takes—whatever it takes right now in Savannah, Georgia, 50 percent, over 50 percent African-American—it is much higher than 50 because we have got black people under rocks who do not participate in the census. We are here, just go out there on the street.

Savannah and Chatham County cannot move forward until it recognizes that African-Americans must participate in the economic prosperity of the community. We can plan and plot all day long but unless you have in there how you are going to bring that group forward, then you cannot really achieve it, no matter how noble goals they are. And I ask you to look at the statistics, not just locally but the State of Georgia does less than 1 percent of its contracting with African-Americans and we are 30 percent of the population of the State. So this is not just peculiar to Savannah.

Chairman KANJORSKI. Do African-American businesses capable of doing the the work the State of Georgia contracts out—do they exist? Is the problem that these businesses are simply not hired, or is it that they do not exist? in other words, are there minority businesses in Georgia—

Ms. JOHNSON. Yes, sir—yes, sir. Those that are qualified still run up on a system that is not predisposed to bring them into the setting.

Chairman KANJORSKI. Let me give you the other perspective of that, Ms. Johnson. I represent a congressional district that has less than 1 percent—six-tenths of 1 percent—of what would qualify as minority or African-American. So that if you put a contract out in my congressional district, it would be almost impossible to get a bidder within the area.

Ms. JOHNSON. I did not understand your percentage.

Chairman KANJORSKI. Six-tenths of 1 percent of my constituents are African-Americans.

Ms. JOHNSON. OK.

Chairman KANJORSKI. So if you had a 10 percent set-aside, you would never have the businesses out there to bid for it.

Ms. JOHNSON. OK.

Chairman KANJORSKI. So what we have discovered in areas like mine across the country is that people play a sham game. Imagine the sneaky individual who has seen those areas of the country that do not have the work, but do not qualify for set-aside under minority contracts. The individual will send a woman out to that area, and form a business claiming they have 51 percent to qualify as a minority. Whether the woman is African-American or white does not matter. Or imagine an unscrupulous businessman who hires a token African-American merely to get that set-aside contract. It gets to be a mumble-jumble about appearance sometimes. It gets to be unfair, I think, because of this country's diversity, targeting minority groups makes a bill very difficult to sell. In order to put the majority together in the Congress to get the bill passed, it had to bring in these other minorities and that has so changed the focus of the bill and diluted the benefits of the Set-aside Program. In fact, I doubt that there is really any benefit out there, particularly for the African-American. I wish we could get a study that would really go into just how much the Set-aside Program has helped create African-American businesses over the last 10 or 15 years. I am not sure that it has clearly benefited those businesses as was intended. Clearly, it was a program to encourage business community development, but became more and more diluted.

Ms. MCKINNEY. Mr. Chairman, I would just like to say that when black companies in Georgia have had an opportunity to participate in and benefit from set-asides—we could use the example of the city of Atlanta when it passed the Finley ordinance, when the city of Atlanta was building its airport. Under the leadership of Maynard Jackson, the city said that unless you have minority participation in your company, then you will not get to do any business at all in the building of the new airport. And miraculously minority businesses were identified that could do legitimate work and we have seen the creation of many millionaires, black millionaires, in Atlanta as a result of the launching that that Finley ordinance was instrumental in creating opportunity for those companies.

So what I would say is that there has got to be a public/private partnership, one that provides maybe a hammer or an anvil that says well you have got to do this or you will not be allowed to participate in the fruits of particular government activity. And then at

the same time, we must allow minority businesses to be able to compete and to compete with a level playing field.

Unfortunately, in Georgia the statistics that Representative Harvey Johnson just enunciated are quite true, and the track record for the State is dismal. So what is it then that minority entrepreneurs and businesses can do in the face of government leadership that is not willing to extend a helping hand and in the face of a corporate community that is not ready to go into the necessary mentoring programs or joint ventures, they do not want to do that. So where are minority businesses in the process?

And I think the comment that Representative Johnson was making about the readiness of the 10 percent set-aside to be even further diluted creates a stressful situation and we have seen that happen in the State.

Chairman KANJORSKI. Let me ask on that set-aside, since women do make up 50 percent or more of the American population, do you really think we should consider not having a set-aside for women?

Ms. JOHNSON. I want to say that there are certain buzz words. When you start talking about set-asides, you know, that makes some people's hair on their necks stand up. I do not care what the nomenclature is, I am going for the specific action and the action is that money makes the world go around. So we cannot have all the money over here—

Chairman KANJORSKI. I am going to steal your term, "silver rights."

Ms. JOHNSON. And not over on the other side and then say well they are not doing this, they do not do this for their children and their housing or whatever, because you all have all the money on that side—when I say you all, I am not talking about you. But I just make that point.

Let me just give you—

Chairman KANJORSKI. You, in your testimony, talk about the success of the set-aside in the detention center. Why was that successful, what happened there?

Ms. JOHNSON. I hesitate to use the word set-aside, sir, because that is not a word that many people like, especially down here in the South, we do not want to use that any more.

Chairman KANJORSKI. Oh, I am sorry.

Ms. JOHNSON. What we want to talk about is economic parity and participation.

Chairman KANJORSKI. OK.

Ms. JOHNSON. And that only comes when the leadership decides—the leadership decides—that we want to move this area forward. So let us sit down, bring good representation and diversity to the table and determine how we are going to move forward on that. This has not happened in our area.

Chairman KANJORSKI. But you cite the detention center as the minority contracting process working well.

Ms. JOHNSON. That was a situation there where the Chatham County commissioners themselves, and I am sure—I do not want to reflect on my own legislative delegation or any other group of elected officials, but I would say that the Chatham County Commission has moved further in this area than some others, but still there is so much to be done.

I wanted to mention, when Representative McKinney was talking about leadership that refuses—I guess maybe in 1983 or 1984, a bill was passed in the legislature that would give a tax incentive for any majority company doing business with the State to utilize minority business. Do you know there were virtually no takers on that because it goes deeper than money—it goes deeper than money. It is that we are not going to let them into the mainstream, even if we could make money off of them. We want them to stay out. And this is how it is going to be. We see that, things are being built and going up. They say it is a recession or depression or whatever, but you see all kinds of projects being built or whatever. We know some of this is private capital, and so forth and so on, but it also all goes around, and that is one of the things. I know, that this panel cannot do anything about the problems of the lack of leadership. I guess we have to do that locally. But I think that when you start looking at funds that come into areas, I think some type of strings have to be attached in some kind of way, but the Federal Government is just going to have to do more. We may not establish by statute set-asides or whatever, but we need—we have no other choice but to look to the Federal Government to continue to advocate for participation by all people.

I do not want to beat a dead horse to death, Mr. Chairman.

Mr. JACKSON. Mr. Chairman, you raised a question about the detention center, and I just wanted to elaborate because I was involved in that a little bit, and I just wanted to first emphasize that the detention center, the process used in the detention center was nothing new at all, it was the same process that you are discussing, in terms of patterning that particular project by other programs that are already set up, and it was a project, it was not an overall policy on the part of the county, it was something done on this particular project. And, of course, what made the difference there is that there were goals set and the people involved from the commission on down to staff was committed to making sure that those goals were met, and that made the success of that particular project.

The same thing can happen, of course, with the Set-aside Program. In addition to existing businesses taking advantage of the Set-aside Program, in my estimation the Set-aside Program has the ability to create business opportunities for those individuals who are not already in business but want to go into business and that is where partnership comes in, that is where enterprising young business people can connect with experienced existing majority business firms and, of course, develop into very sound business persons and those kinds of programs offer that opportunity when they are made to work. If they are not made to work, then all kinds of situations creep in and dilute them and create a bad impression or a bad image for the program, but when they work, they work very well.

Chairman KANJORSKI. As you know, Mr. Jackson, it is a tough problem because it only takes 1 percent of failure to be very destructive to the business.

You know, when you analyze the 10 percent minority Set-aside Program, you see that it guarantees a market for minority business. That is one approach. Would the approach we are talking

about, venture capital, be a better approach to establish a pool of venture capital that would be potentially available to everyone? Would it be productive to put it on a level playing field? Or would there still be a lack of business for minority—

Mr. JACKSON. I think it has to have enough sensitivity to relate to the difference between a very small business and minority business and, of course, a small majority business when you make those comparisons. If it has that sensitivity, then I think it will be a viable avenue. My very dear friend and representative from the city council gave me a note to indicate to you that when we start talking about community investment, the law needs to be changed so we can establish a community development bank in this area.

Ms. HEAD. If I could mention two other agencies we have had some success with in this community, I would like to echo again on the Small Business Administration, the Small Business Assistance Corporation is a certified development corporation and has been active in making 504 loans and 704 loans in this community. There are several banks that are very active in the area as well, and the continued funding of SBA is something we are very interested in.

I do agree small businesses need to be redefined because I think the Federal Government tends to go one way, you think of it a different way on the State and when you get down to Savannah, as Mr. Jackson said, a small business here is five people, five or less employees.

The Department of Health and Human Services, we have a Chatham/Savannah Homeless Authority here which is a State-chartered organization and they have been the recipient of two demonstration grants dealing and managing programs for housing, child care, and job training. We have a severe homeless situation in the entire country, Chatham County is not unaffected by that. These are in the demonstration grant stages, however, we think that they are very worthwhile projects that will enable that particular authority to develop some programs and actually do something tangible. They do not deal with the client individually, they deal with the agencies doing services and coming up with a plan for the total community to address the homeless situation. I think that education and child care in this area are particularly needful because once some of the people go out of public housing, they are no longer eligible for child care and you just simply reinstitute a cycle. So hopefully these things will be helpful.

You mentioned Farmers Home Administration, and I am not sure that is something that affects our particular county, it is more for rural areas. I do know some of the low-income housing projects have been done and I know that that has been successful in some of the outlying rural areas. But I am not aware of much that has happened in this particular area of Chatham County.

Chairman KANJORSKI. Mr. Fields.

Mr. FIELDS. If I may, Ms. Head, I was reading your testimony, on page 2 you mention the CDBG [Community Development Block Grant]. There appears to be some problem because of a need for flexibility. Can you explain to the subcommittee what flexibility exactly are you speaking of when you make that assertion?

Ms. HEAD. Most of those funds have specific uses and you cannot be real flexible what you do with them, as far as allowing them to use some of that money. Especially through the Small Business Assistance Corporation, there is certain criteria that has to be met. You are not able to use it for operating capital, if you will, for some of the capital needs that you would need for small business and those are some of the things we are talking about, is how you can do a better job in business development and creating more of these small businesses.

Mr. FIELDS. Well, let me follow up with that question. Is that the only concern you have about flexibility, is in the area of the usage of the money?

Ms. HEAD. I would really like to look into that more and get something back to you in writing if I could.

Mr. FIELDS. Fine.

One final question, as a chamber of commerce, I would assume that all the banks are members of the chamber in the Savannah area?

Ms. HEAD. Yes, sir.

Mr. FIELDS. What has been the attitude of bankers in the Savannah area as it relates to the CRA commitment?

Ms. HEAD. I know that all the banks are actively participating in that. There has been talk through efforts with FDIC to form a CDC locally. How much commitment will be done in the future I cannot tell you, but I know several banks have made major commitments on a national level. The trickle down of that money has not yet happened and I think that is something that we are going to see that will be implemented more and more. I hear a lot of talk about it and I know that is something that is being looked at and it is something the small business community and minority business community needs to stay behind those efforts.

Mr. FIELDS. I will not pose this as a question, I will just make it as a comment. In my travels across the country and even in my own area of Louisiana, I find that one of the reasons why inner-city area and small areas are so impoverished economically is because of a lack of commitment from financial institutions. You cannot develop business if you do not have capital. That is all we have talked about this morning, being able to access capital, being able to gain access to capital. If financial institutions choose to close the doors and not give individual entrepreneurs, for example, the opportunity to walk in the door and furnish them capital to open up a business or even expand a business, it puts that additional burden on government. When we continue to talk about additional set-asides, SBA and 8(a) Programs and 7(a) Programs, I just think we all have a responsibility and I have not seen a real commitment from banks in this country. And I am not speaking of the Savannah banking community; just as a unit, as a whole, the banking community has not opened their door wide enough to allow individuals to come in and gain access to capital so we can build opportunities from an economic perspective.

But I thank you for your comments.

My final question, Mr. Chairman, would be for Mr. Jackson. Mr. Jackson, you mentioned in your testimony that the 8(a) Program—

and I may have mis-heard you—needs to be either dismantled or reorganized?

Mr. JACKSON. No, I did not say dismantled, I am not in favor of that at all. I said perhaps revamped and expanded, of course, improved. I think the 8(a) Program has great merit and I think it has done tremendous good in some areas.

As I indicated, I think the program not only helps existing businesses and contractors, but it offers business opportunities for those persons who may not already be in business and I think it is a great tool for an avenue to develop working relationships between minority firms and majority firms, and when you have a situation where the program works like it is supposed to, then there are great opportunities that come out of it. And I think it is a great tool.

Mr. FIELDS. Are you familiar with the 7(a) Program?

Mr. JACKSON. Yes, vaguely, but to some extent I am.

Mr. FIELDS. Are the businesses in this area taking advantage of the 8(a) and the 7(a) Programs, particular small and minority and disadvantaged businesses?

Mr. JACKSON. I think there certainly are some who have taken advantage of the 8(a) Program, and there are some who have taken advantage of the 7(a), but it is fewer who have taken advantage of the 7(a), that I am aware of, than of course.

Mr. FIELDS. The reason I asked that question, I serve on the Small Business Committee as well. Is there anything finally that you would suggest that we need to do, when you say broaden, are you talking about the loan requirements—not loan requirements, but the amount of money that the SBA issues?

Mr. JACKSON. Yes. In terms of the SBA Loan Program, I think the loan amount needs to be—I think even some of the regulations need to be looked at and eliminated. My experience with it is that I have to do more, I think, to deal with SBA in terms of trying to get a loan than I have to do when I go to a private bank. Even when I assist other businesses who have gone to SBA, that was the same situation. In particular, I think when you start unless you have a great deal of assets of your own, small businesses, a \$25,000 loan to start a business is almost a prescription for failure to start with. You have to be able to get enough money to go after projects that are going to be viable. I mention, for example, if you talk about franchising, which you can get into and be successful because you get a lot of support from a franchisor, as a result of that, of course, they are more successful, but they take more than \$25,000 or more than \$50,000. There are great opportunities with major corporations in terms of those corporations selling off certain parts of the company that they are not going to run any more, but those kind of ventures require large investments. And as indicated, while an individual can come up with a certain amount, of course, attract a certain amount of investment, there is still perhaps going to be a missing link and that person needs to be able to go get a significant amount of money in order to attract the rest of the investment needed to make that particular project go. So that kind of fund needs to be available.

Mr. FIELDS. I think that goes back to us defining what a small business is, in order to determine whether \$25,000 is sufficient or

not. But I appreciate your comments, Mr. Jackson, and certainly I commend you for your work and continue to work hard with the businesses in this area. Without economic development there are not going to be much for jobs. This is an area where the private sector can help in the whole monster of job creation. It is so important that we develop our businesses and create jobs.

I thank the Chairman.

Chairman KANJORSKI. Thank you, Mr. Fields. Cynthia.

Mr. KNOWLTON. If I might just add one last thought, perhaps later panels will address the issue; it has to do with training. That is one thing we have not really addressed that is crucial from a job development perspective, particularly an economic development perspective. I would suggest that the government take—in their job training funds, take a percentage, be it 10, 5, or 1 percent, for entrepreneurial programs, in the sense that today you look at training programs, those who provide the training will focus on those most easily trained for very obvious reasons, the success of the numbers and they need to be funded again. That is fine and that is the way it ought to be. I might suggest, however, that a portion of those funds not accountable to the fact that you train the easiest people should be rewarded for training the toughest. If we could come up with some really entrepreneurial training programs not designed to train the easiest in a work force, but to train the toughest in the work force, it would be very beneficial to organizations such as ours when we discuss labor as a product with a company considering our community. And frankly it would help everybody in our community if we could just come up—I bring this up because in my job I am very involved at the national level and I continue to ask economic development groups throughout the entire United States who has found a way to train the untrainable, or who has got a program that is trying to train those that today might be considered untrainable. I do not think anybody is untrainable. I think everybody could be a productive member of the labor force, given the proper background and training. And I might suggest that it is truly a Federal situation, it is not something the local community can deal with. But I would just ask that you try to focus on those most difficult to train rather than those easiest to train, just with a small part of it, because somewhere there is a way to do it, we just cannot define it. It could then be expanded to other places.

Chairman KANJORSKI. I can bring some good news from Washington, Mr. Knowlton, specifically on that point. Just before we adjourned, we had a rather detailed meeting with Secretary Reich from the Department of Labor. The President in his State of the Union in January will announce several major new programs. They want to revamp the Unemployment Compensation Act and change it to the Reemployment Compensation Act. Rather than income maintenance, the approach of the new act will include retraining and relocating. It will stimulate businesses to take people that have been laid off, retrain them, and put them back to work. Retraining and relocating will also be addressed by the Welfare Reform Act, as will the idea that businesses need to allocate money for education of their employees.

The President's wife said it well the other day. She said that these two programs along with the general thrust of the President's mission are not going to be successful unless we get health reform. She said you simply cannot take away the health support system from people. A lot of the blocks here for reorganizing the whole attitude of the American population to and the direction of most businesses are going to be based on first, national health care and then, the reform of the welfare system and the reemployment system, and finally, education modification for long-term training. I think that is going to be the formula that will work.

But I want to tell you that the President is going to address that in his State of the Union, it is going to be a major part of his address and I agree with you and I agree with him—job training is really a need.

Yes?

Ms. JOHNSON. I have a question as a followup to Representative Fields' question. What is the—his question about the community reinvestment activities of the area banks. Does that legislation—what are the punitive—in other words, what is the enforcement, what is the monitoring mechanism for that particular Act?

Chairman KANJORSKI. The President has just proposed some initial rather heavy fines for failure to comply. And actually overall, CRA has been a relatively effective way of encouraging the private sector to pick up part of the community burden that they have to shoulder if they want to be successful in a particular area. CRA takes government out of the picture and allows a program to be local. But again, it is something that we are still finding our way through. Some people are very recalcitrant to exploring it. I mean they are fighting it all the way and I think that we will find the new Comptroller of the Currency is going to come down very heavily on these people who are not complying. At any rate, we have had some really startling successes in which the Federal Government has been entirely out of the picture at the community level. The banks have cooperated and put together really great programs. It is working very well in my area of the country—very well.

Ms. JOHNSON. One of the things that I picked up at the Regional Federal Home Loan Bank meeting was that most of the banks, I am talking about maybe from North Carolina down the coast, where they reported on their CRA initiatives, they primarily dealt with what they had done to rehabilitate low-income areas in terms of housing. I think that is very important to rehabilitate housing and make living conditions better, but Mr. Chairman, I think also that it is equally important that part of that activity deal with entrepreneurial development. I guess I am just from the old school that if you give a man a fish, he eats for a day; you teach him to fish, he can live for a lifetime. And I think the very people who fight these initiatives also believe in that as well, because they seem to be very determined to keep giving him a fish.

Chairman KANJORSKI. Ms. Johnson, that is exactly why I appreciate Cynthia and her different approach to life. That is why it is so refreshing. But we have grown up in a bureaucracy that has a vested interest in getting the fish. And it is very difficult to change that bureaucracy. I mean, it is just amazing: We need a cultural evolution to understand the importance of teaching how to fish,

how to get the fish. And in every community, across the board, there are just certain—I mean there are certain people in CRA that are arguing against change. Cleo knows. They do not want us to change the CRA because they have found out how to benefit from it. Sometimes their benefiting means it must be doing the exact opposite of what it was intended to do. So we have to change that. You would be surprised, the voices opposed to it are the loudest ones. Some people have found ways to get their programs funded. As you mentioned, if you are involved in community housing, it is amazing how you can build a tremendous coalition if you have contractors that would like to have housing, and if you have realtors that would like to have housing. All of a sudden there is a powerful business interest built up for community housing. It is very persuasive that that is how the CRA money of an area should be spent. I tend to agree with you; give a man a job and you do not have to build him a house, he will build his own house and pay for himself.

I think that is why economic development is an area that ranks very high now on the President's list of proposals. This is going to be one of the major things addressed in the next session of Congress. And that is why the input of this panel has been so helpful. In spite of the fact that we have not covered every subject that we would like to cover, you certainly have shared with us a lot of valuable insights and observations. I agree with you, that getting all 50 States and the Federal Government to agree and define what small business is, that is a tough proposition because everybody defines it in a different way. Clearly, we have to keep up with inflation. At one time, when the Small Business Administration was founded, \$750,000 or \$250,000 was considered a major amount of money. That is when you could open up a store for \$50,000 but today such an endeavor would be a \$500,000 proposition. We have to be able to play with the inflation of the dollar and adjust our amounts.

I have to tell the panelists, I am pleasantly surprised that the South is no different from every other area of the country we have been in. You have economic problems but you have a community that has responded to those economic problems in a far more cooperative way than I would have imagined if I viewed this area only through the eyes of the national media. The South has indeed changed a great deal, and it is such a compliment to see that change. I can tell you also that the Congress has changed with my two colleagues here. We are going to go after opportunities which will teach people to fish. We don't want to just give them fish. That is what both Cleo and Cynthia—they know what that is all about.

We thank you for participating, we appreciate your efforts and let me go forward to the next panel.

[Recess.]

Chairman KANJORSKI. We are going to move on with the second panel now, May I welcome to the subcommittee, Rev. Bennie Mitchell, pastor, Connor's Temple Baptist Church and CON-ED, Inc.; and the Honorable David Jones, city alderman, First District, city of Savannah, Georgia. And then we have Mr. Michael Whalen, vice president and community investment coordinator, NationsBank, welcome. And then we have Chief Afolabi of Crime

and Drugs Task Force, McKinney Savannah Area Advisory Council. Chief, welcome.

We look forward to a spirited panel. Let me say again for the record, your testimony will be included in its totality in the record. If you would like to take a few minutes to summarize your testimonies, we would appreciate it, so that we can have some give and take. I rather enjoyed the last panel because we had a lot of input and that really makes an interesting hearing. It allows us to have some cross-pollination of ideas, which I think is very worthwhile.

So with no further ado, we will start off with Reverend Mitchell.

**STATEMENT OF REV. BENNIE MITCHELL, PASTOR, CONNOR'S
TEMPLE BAPTIST CHURCH/CON-ED, INC.**

Reverend MITCHELL. To the Honorable Congresswoman Cynthia McKinney, who does, in the words of our Chairman Kanjorski, represent a significant change. And I think because of this hearing today proves out that inclusion is a must in the economic politics of our country is to meet the dire needs of the country persons.

Second, to Chairman Kanjorski and the subcommittee members, I want to thank you for your participation. I am Rev. Bennie Mitchell, pastor of Connor's Temple Baptist Church/ConEd, Inc., Savannah, Georgia. ConEd, Inc. is the nonprofit component of Connor's Temple Baptist Church and was established to oversee and manage the development of the MLK, Jr. Boulevard Complex. There are seven members of the board of directors. To further ensure the development of the complex an advisory board of 12 members has been established comprised of doctors, lawyers, philanthropists, and business persons.

The ConEd, Inc. mission is to restore and renovate the McKelvey-Powell/West Broad Street YMCA building as a much needed resource in the community on the M.L. King Boulevard Corridor. Once restored and renovated, the facility will house a Family Community Resource Center. The complex will pull together existing community agencies working together in an organized effort to combat the problems of high crime, drugs, teen pregnancy, family violence, poor health care, high infant mortality, lack of services. And, promote and revitalize entrepreneurship through innovative partnerships.

The strategies for economic growth for the Martin Luther King, Jr. Corridor, the plan of action. The following presentation will concentrate its context on the M.L. King, Jr. Boulevard Corridor in Savannah, and will provide some suggestions to the subcommittee as to how the hub, as we know it, can be restored and gain economic growth.

The Martin Luther King, Jr. Corridor in Savannah served as a beacon to the African-American community. The corridor provided African-Americans the opportunity to do business and participate in the economic development of Greater Savannah/Chatham County. The hub was the location of many businesses that served African-Americans. Several businesses were built and owned by African-Americans, and many residents were served by these businesses, who otherwise might have been without much needed products and services.

Restoration of the M.L. King Corridor would mean the return of community pride, and the redevelopment of a much needed business district. To restore the hub would mean putting an end to slum and blight, and creating an incentive for business owners in the area to renovate and improve their properties.

There is at least one historical facility along the corridor, the McKelvey-Powell Hall/YMCA building which is listed on the National Historical Registry as an historical landmark. Restoration of properties such as this would impact economic growth by eliminating slum and blight. The restoration would also create an innovative approach to dealing with prevalent problems in the area and afford an opportunity to existing community agencies and organizations to work together to fulfill community needs.

We offer the following three ways and means in the restoration of the M.L. King, Jr. Corridor, or the hub as we know it, as part of the economic development for Savannah and the Savannah River region:

(1) Offer a tax break to businesses along the M.L. King Corridor.

First and foremost, the Federal and local governments should be fair—someone has said parity—should be fair to all who want to locate or relocate businesses on the M.L. King Corridor with the interest of revitalizing the corridor to her former glory in the philosophy of being a good corporate citizen.

This can be accomplished by providing information—providing information—about opportunities to receive tax breaks and other incentives and, what grants and low interest or no interest loans that might be available. And further by providing the technical assistance—providing the technical assistance—to help access and apply for this information which in the past has not been available.

Through an established procedure of applying for assistance from the Federal and local governments, businesses and agencies will be able to better facilitate their financial needs.

Further, through State legislation which is being proposed to allow cities other than Atlanta, to establish enterprise zones should include Savannah. The M.L. King Corridor is part of the city of Savannah's area C, which is targeted for redevelopment, to eliminate slum and blight. The concept of enterprise zones would serve as an incentive to new businesses wanting to locate along the corridor.

Any business located or relocated on the corridor should be given a tax break with a gradual scale that will increase taxes on the property.

(2) Establish a relationship with current businesses along the corridor.

Businesses currently located on the corridor of MLK should be encouraged by the Federal and local governments to establish a relationship with the residents that would make them better neighbors. People should be treated with respect. Customers, regardless of race or economic status, should be treated as human beings. Pricing should be regulated to offer fair pricing. Many of the residents are consigned to the area because of lack of income and transportation. Good corporate citizens like any other good neighbor should take care of neighbors. Reinvesting in the neighborhood, hiring from within the neighborhood, supporting neighborhood groups, schools, and churches are just a few examples.

(3) Organize the MLK Boulevard Merchants Association.

Merchants along the corridor should be encouraged to organize themselves and form coalitions with the church, city, and county, and become a part of the chamber of commerce to capitalize on the inherent strengths of the corridor of MLK. Such an association would provide assistance to the \$30 million tourism industry, the Convention and Visitors Bureau, and make our neighborhood and the MLK Corridor visitor friendly.

In the context of building partnerships for a better Savannah, the first major effort to effect economic growth and development of the King Corridor should become a significant part of the overall plan for the 1996 Olympics.

Thank you.

[The prepared statement of Reverend Mitchell can be found in the appendix.]

Chairman KANJORSKI. Thank you very much, Reverend. Mr. Jones.

STATEMENT OF HON. DAVID JONES, CITY ALDERMAN, FIRST DISTRICT, CITY OF SAVANNAH

Mr. JONES. Good morning to Honorable Chairman, Honorable, my Congresswoman McKinney, Honorable Congressman Fields, ladies and gentlemen. It is a pleasure for me being here today, although somewhat strange. For the past 2 years, I have sat on that side and here I am just like I am facing the carpet now. But again, it is a pleasure for me to be here. I come seeking information.

I came prepared to tackle both the West Broad Street YMCA and the Charity Hospital, but in talking with my good friend, Dr. Mitchell, he took on that area and mine is for the Charity Hospital located at 644 West 36th Street, some 43,000 square feet of space.

May I give you a small brief history of the hospital? This hospital was built in 1901. The small building on the corner there, as time grew in the 1920's, developed a big brick structure that is there now. As a boy, it was a source of pride for me as I saw my black doctors and nurses come out with their little black bags. I thought for awhile I wanted to be a doctor, but I wound up being a police officer. Anyone my age, Afro-American, has some kinship to the Charity Hospital. My first child was born in the Charity Hospital, it was easy access to that community. When people were ill or there was a problem, we had the Charity Hospital we could go to.

But you must realize that in the 1960's as urban renewal came through, it destroyed many businesses, as Dr. Mitchell said, particularly on MLK Drive, that was black-owned. And we all must understand that no community can survive without business within their community. The Charity Hospital became vacant. We tried to use it as a nursing home at one time. That home moved out, and because of the bad distribution of funds in the Afro-American community, the Charity Hospital became abandoned. We looked at it as a source of pride in the black community and would like to see it built up. We looked around Savannah and already we have plans for apartments for the aged and the people who are in need.

But it can also be another health center. We look at the AIDS problem here in Savannah like in any other city, we look at the crack babies, the drug-dependency in Savannah. I was a policeman

for 31 years. We are hiring more police officers now, it does not seem to fit the cause that we jail people on drugs and do not have a treatment center for those people. It defeats the purpose. Many people would jump and holler hip, hip, hooray if I said let us use it to jail people, but we need a source of help in the community.

We all know that when we build up properties in the community, spring cleaning, sir, if you please, that other people start redoing their properties. That area I was born in was a beautiful area at one time, all homeowners, and now that area has fallen because of economics and bad distribution of resources.

We question if there are funds that we can renovate these places, just how do we go about doing this. As I listen to the news talking about the health problems of those who went to Iraq, maybe the government can use it. My neighborhood, the Cuyler community, who came into possession of this building in 1983, wants to save the hospital. It is not a problem of what goes in there, we want to save our piece of pride. If we do not save pride in the black community, historical pride, we have nothing left, and history becomes distorted and becomes personalized when they only tell half of the story. We need to develop all of our historical buildings because so many different cultures of people live there, it cannot be one-sided. And I feel sort of cumbersome as I sit there and give votes for other developers and no one is looking at my causes.

When the inner city falls in any city, the whole city will fall. A city cannot rise unless they bring up their inner cities. What affects the inner city affects the total community.

We ask your grace and your kindness, your resources to say to us how we can replenish the old Charity Hospital that once served as a training school for black nurses, that once served as a center of health and a beacon in a community that we are so proud of. We ask for your help on this and I thank you so much for allowing me to stand here before you.

Chairman KANJORSKI. Thank you very much, Mr. Jones.
Mr. Whalen.

**STATEMENT OF MICHAEL WHALEN, VICE PRESIDENT AND
COMMUNITY INVESTMENT COORDINATOR, NATIONSBANK**

Mr. WHALEN. Good morning, Chairman Kanjorski and members of the subcommittee. I am Mike Whalen and I am the NationsBank community investment coordinator supporting our local banks in Georgia with local community investment initiatives. I appreciate the opportunity to share my company's perspective on the bank's role in our local community economic development.

When it comes to issues of public policy, there is a great deal of common ground between NationsBank and this group of legislators. Public policy helps determine the way we run our businesses and the success of our communities' economic development. And our customers are your constituents, our markets are your hometowns. We are affected by one another's decisions. That is why NationsBank believes that the best and smartest economic development policies are born from cooperation between the public and private sectors.

In your invitation, Mr. Chairman, you asked how Federal assistance for growth can be delivered more efficiently and responsively,

what new programs might be undertaken and how processes can be streamlined. Frankly, I am not qualified to make recommendations to this body concerning how the Federal Government can improve its delivery of Economic Growth Programs. But I do believe that NationsBank has taken the lead in the private sector when it comes to community investment. We are beyond promises and are generating results. So perhaps a brief discussion of our initiatives would be helpful.

We have a strong commitment to developing the communities where we live and work. When our company became NationsBank, our chairman, Hugh McCall, pledged that we would make \$10 billion in community development loans by the end of this decade. In the first full year of this program, I am happy to say we have made more than \$2.2 billion in community development loans and are on track to exceed our ambitious goal.

Georgia received \$343 million of that total and 8.5 million dollars' worth of community development loans were made locally in the Savannah area. We are proud to report that 49 percent of the Savannah loans were made to businesses in low- and moderate-income areas, a vital segment of our markets.

Community investment loans are those made to traditionally underserved segments of the population; to small business owners, and first-time home buyers and the family trying to send a child to college. Community investment loans help channel more capital and financial resources into all segments of our communities, thus stabilizing local economies and broadening the base of economic opportunity.

Also, community investment loans are good business. They increase our customer base and build profitable long-term relationships in new market segments.

But to make more loans, we have to reach more customers. And we have learned that one of our biggest challenges is educational, helping people in low- to moderate-income neighborhoods understand how to work successfully with a bank. So we have formed a number of partnerships with organizations such as the NAACP and the Urban League.

NationsBank has been involved in more than 200 locally driven partnerships nationwide, including Neighborhood Housing Services of Savannah, that provide basic homeowner education and affordable mortgage products to targeted neighborhoods. Also multibank efforts to fund Community Housing Services Agency for affordable housing and economic development projects in Savannah. Also, multibank public/private support of the Small Business Assistance Corporation providing technical assistance and financing for Savannah's small businesses.

In all, throughout our service area, we have conducted more than 400 information seminars that have reached more than 8,000 people. In addition, NationsBank established Small Business Lending Units in 1993 in eight communities we serve throughout Georgia. These units were designed to develop or enhance relationships with small businesses.

In addition to identifying the markets and making the loans, we believe we have a responsibility to let you and your constituents, our customers, know how we are doing. So we have implemented

a number of public reporting programs, so that you can measure our actions against our words.

Earlier this year, we went to 33 different cities across our system to conduct "Report to Communities" presentations, announcing our 1992 lending results. In Georgia, we made reports in Macon, Augusta, and Savannah. Reports were made to Georgia audiences representing governmental bodies, community leaders, and neighborhood residents. They also allowed us the opportunity to discuss the challenges we face in making community investment loans available to all of our communities.

On a broader scale, we instituted a program to help us evaluate our progress and assess local needs, which we called the public hearings program. This program consisted of one statewide, town hall style meeting in every State that we serve. The public was invited to attend and offer their comments, criticism, and feedback regarding our Community Investment Programs. We are the only bank to ever voluntarily hold such meetings and we know that we learned a great deal in the process.

We have also taken steps to make our loans more accessible to people who do not have a history of working with banks. For example, in low- to moderate-income areas, we now consider nontraditional credit history sources, such as a good record of paying rent and utility bills.

So you can see we are doing a lot, but we want to do even more. We recognize we have further to go, and we also believe that our industry has not yet stepped up to its responsibility of meeting the needs of low- to moderate-income borrowers and small businesses.

What are the solutions? We believe they are a sincere commitment coupled with hard work.

Through internal communications, our associates have a clear understanding of our company's intentions regarding community support and responsibility, especially to underserved markets.

I have already told you of several external communication programs we have implemented to help identify and develop this market. We are very serious about our community commitment and must continue with the programs now in place, programs that reinforce the importance of community responsibility; monitor our progress toward specific lending goals and encourage frank communication and evaluation of our community investment progress to date.

NationsBank intends to be the best community investment bank in America. As our chairman has said time and time again, our company is only as strong as the neighborhoods we serve.

Clearly, we at NationsBank are serious about community development. It is good for our company, good for our community and more important, it is good for each of us.

Once again, Mr. Chairman, I thank you for this opportunity to speak on behalf of NationsBank. I look forward to the roundtable portion of this hearing and will be glad to respond to any questions you may have. Thank you.

[The prepared statement of Mr. Whalen can be found in the appendix.]

Chairman KANJORSKI. Thank you very much, Mr. Whalen.
Chief Afolabi.

**STATEMENT OF CHIEF O. AFOLABI, CHAIR, CRIME AND DRUGS
TASK FORCE, MCKINNEY SAVANNAH AREA ADVISORY COUNCIL**

Mr. AFOLABI. Honorable Congressman Kanjorski, Honorable Congressman Cleo Fields, and especially Honorable Congresswoman Cynthia McKinney, good morning. I thank you for your presence and welcome you to Savannah Congressional District Crime and Drugs Task Force for the Savannah Area Advisory Council.

I am here today before this congressional hearing on economic growth to share strategies for Savannah in general, but specifically for the inner city and what has been designated the Martin Luther King Corridor and area C in addition to the extended corridors and arteries that abound on the west, east, and the south.

I thank you for this opportunity to present before you a just case for economic growth in Savannah's inner city and a mandate for a feasible economic plan for action. Such action is necessary so that our young inner-city men and women can optimize their American dreams.

I stand before you and speak on behalf of several thousand young men and women here in Savannah between the ages of 16 and 35 who want to ensure that our economic prosperity here in America will provide them a place in this ever-changing economic environment. To my Honorable Congressional Representatives, I would like to negotiate a truce, a truce on behalf of our young people. A truce that includes jobs for young people in exchange for guns. A truce that exchanges career training for young people involved in crime. A truce for enterprise investments in exchange for drugs. A truce for full community inclusion for our youth in exchange for fear; and productivity for our youth in exchange for violence.

I urge that we push for a Federal urban empowerment zone for inner-city Savannah. This can be made possible by Title XX social service block grants designated for empowerment zones and enterprise communities as defined in House bill H.R. 2264. In addition, the housing and urban development action grant [UDAG] recaptured funds with section 108 loan guarantees to fund eligible community projects designed as Community Development Block Grants. These grants would be ideally suited for the Martin Luther King Corridor and the inner-city communities designated as area C. This plan would also be suitable for the outlying corridors and arteries to the west, to the east, and to the south, which includes the city of Savannah's designated 18 CDBG target showcase neighborhoods.

To Congress, an appropriate capital investment for Inner-City Youth Enterprise Incentives 2000 Programs with technical assistance and managerial supervision can be the most historical, incredible action that Congress can mandate. These Title XX block grants provide \$100 million over a 2-year period to each urban empowerment zone and \$2.95 million to each of the enterprise communities. The amount to an enterprise community will equal one ninety-fifth of \$280 million, multiplied by the proportion of the enterprise community population. The 1990 census for the inner-city Savannah was 57,686. See demographic charts, exhibit A.

Area C is an inner area within an inner area. It is a 2-by-2 mile square area that houses about 80 to 90 percent of the crime and the drugs and the violence in our community.

I would like to take just a moment to share with you just a few data on Savannah. The inner city of Savannah has almost 50 percent dilapidated housing. They have the highest area of crime; we are the number one community in the entire Nation of these United States in teen pregnancy. We are the number one in the United States amongst every city and every urban area in infant mortality. The black community within our inner area has a 22.3 percent infant mortality rate which is unheard of even in Third World countries. We have the highest unemployment rate and underemployment rate within this community. We are talking about an area that is 800 square blocks, 2-by-2 miles and it is unheard of that in a community with over 400 policemen that we have such a high crime rate. Savannah now has almost 40 murders for this year alone.

If I may continue, my proposed Inner-City Youth Enterprise Incentives 2000 is a program that will provide business and technical skills to young men and women ages 16 to 35 within our inner city. These skills will be reinforced with appropriate training, management, and supervision to operate and own, as joint partners in community based service enterprises, requiring moderate skills and short-term apprenticeships. These community enterprises should consist of moderate capital loan investments with comparative capital gain, minimal interest, market feasibility, tax incentives, and nonpersonalized collateral.

Savannah has several excellent academic, technical, and trade institutions which have the capabilities to implement essential preparatory and tutoring programs as well as support services, in addition to their existing curriculums. As well, these programs can be augmented with contracted services from the Small Business Assistance Corporation and the Savannah Minority Business Development Center.

The cooperative efforts of local, State, and Federal entities can circumvent, modify, or expedite procedural policies for timely implementation of these programs.

To Congress, we want you to be aware that in spite of the economic growth forecast for Savannah and Georgia, with predictions of 3.5 percent growth in the gross State product in 1994, for the State of Georgia, the predicted sales growth for the 1996 Olympics for Atlanta and Savannah, the increase of nearly 90,000 new jobs predicted statewide or the development of new industries and businesses in Savannah or its region, the high unemployment rate for Savannah's inner city will continue to escalate and so will the crime rate. The new development of Sun City East is 30 miles north of Savannah employing 1,300 construction jobs. We know that very few, if any, inner-city youths will see any employment in those areas. Therefore, it is important that we focus our attention on establishing successful economic programs for our inner-city youth and if others are not going to employ them, we need to create a mechanism that enables them to employ themselves. It is believed by most inner-city Savannah residents that many local merchants and businesses traditionally tend to hire white staff or new

arrivals at the exclusion of inner-city youths or inner city African-Americans, even when they are equally or more qualified with positions unless the position is underemployed with low-scale wages. Consider also that Savannah is both a college and military community where students, faculty, military personnel, and their families compete for both full and part-time positions within the skilled and unskilled labor force and marketplace.

We ask you to consider again, in conclusion, that when our young men and women are working legitimately in an honest business within our own communities, it benefits the entire community by significantly reducing crime and violence. The keynote to success for programs like Enterprise Incentives 2000 is accountability, is efficiency, is productivity. All too often, the inner cities are the catalyst for community block funds and because of their qualifying economic distress, the major portion of the funds are diverted to nonrelated services such as administrative costs, nonessential operational expenses, program changes, expensive feasibility studies, too many paid consultants, nonperformance of sufficient services to the targeted area and incomplete programs and cost overruns among other related insufficiencies that can sabotage the program's successful outcome. So, we urge Congress in any consideration of any program in the inner communities, that you consider along with it accountability, efficiency, and productivity. We encourage appropriate monitoring because our community needs success of these programs.

Congress again, I ask you and encourage you to negotiate a simple truce on behalf of our youth, and let us communicate in earnest. Let us acknowledge that of the 200 million guns in America, none of them are manufactured in our inner cities. Let us acknowledge that the drug lords and caesars of South America and Colombia and around the world, that there is not one—not one—cocoa plant in the inner cities of Savannah. So let us communicate in earnest on behalf of our youth so that we have the hope and the opportunity to reclaim our communities and our inner cities and I thank each and every one of you for hearing our pleas and our concerns. Thank you.

[The prepared statement of Mr. Afolabi can be found in the appendix.]

Chairman KANJORSKI. Thank you very much. Cynthia, will you start the questions?

Ms. MCKINNEY. I think, Mr. Chairman, we have heard some very moving and stirring testimony from our panelists here, which you should know that we are going to take a tour after this is over, and we will see the areas that they have talked about.

I am especially anxious as a new Member to help and identify areas that I could be helpful, that the Federal Government could be helpful in providing the kinds of funds for the projects, two specific projects that we discussed because of the impact that that would have not just locally, but in a very real sense, to spur other positive kinds of activities in the community.

And so I guess what I would like to ask, first of all, is the nature of the kinds of challenges when we talk about revitalizing area C and actually addressing the needs at hand, the Martin Luther King

Corridor work. What are the challenges that face us as we try and do that?

Reverend MITCHELL. Congresswoman McKinney, some of those challenges are that we know that there were various grants and possibly loans, noninterest loans that were available, but you know, we were not notified or either informed of what we could get and in many instances, some of those grants or whatever that we could qualify for, the technical assistance was not there for us, if we did not find out on our own we would not get it.

And something else that too often happens is that when one believes in his community and tries to help his community, whether that person helped that person get elected, you know, I guess they say you reward your friends and beat your enemies, but when you are talking about helping a community, it should not be about who you support, but the person who has the idea or the organization that has the idea and also the will to help the community. So we have been denied the technical assistance of information, been denied the technical assistance in applying for those grants and things that we would have applied for. We have been denied also to be made an example of as a means of control.

Chairman KANJORSKI. Cynthia, if I could respond to that. I listened to Mr. Mitchell, Mr. Jones, and Mr. Whalen and the Chief, and you are really all talking about the same thing. I agree with you, Mr. Mitchell, the key is how to get the grants. What we are about to do now is make a data base available to all communities that is very user-friendly and that allows you to be very interactive with government agencies. Hopefully, within the next 5 years, in our congressional district offices or in city halls like this all over the country, there will be a method by which a community is able to go down to city hall, explain the problem, and learn how other communities across America have solved it. That way, we get cross-pollination of ideas and we discover how and what programs the U.S. Government feeds into. We also learn what we have to do to access those programs. We should have had such a method a long time ago. As a matter of fact, someone referred to the consultant overruns. You know we have kept alive an entire class of people in this country who with just a little information on how to access Federal programs, have literally lived on it. They really contribute very little to the process. They just understand it. And it seems to me now with interactive computers and television, we can make what they have been selling in the marketplace readily available to everyone at a very low cost, if any cost at all. We will have an even playing field. And I assure you, this is about to happen.

But I want to suggest something. I am looking forward to going on that tour today because every time I go on a city's tour, I get a new idea. And let me tell you, the ideas are better in the cities of America than they are in Washington because people in the cities they really understand the problems, so they come up with novel solutions. I understand the need for the YMCA and the need for the hospital. I realize we have a bank here that wants to be a CRA participant in a big way and a Chief who really wants to accomplish something. All of you need to look at a model that exists somewhere in the country, and see how it was financed. For example, Mr. Whalen, Utah City put a program together that just

fits what this community needs. We can give Cynthia some of the information that we picked up at that hearing and we will make sure you get it. With very little Federal or State funding, there are programs with banks and with the community that you can put together to undertake the kind of development you are talking about. The basic thing I heard is that this is not going to come from outside the community. This has to come from within the community. The people that put it together have to be from the community. They have to say this is a project we are going to undertake and it is going to be a shining example, as Cynthia said. And probably the work should be done by the community. You should find a way that the repairs are made and the updating done by the community. You cannot put out a contract to some big contractor from Atlanta that comes down and does a nice job and then leaves the community. Really, it is an opportunity to train people how to do things, whether it is the skills of a carpenter, painter, plasterer, electrician, whatever. These people ought to come from within the community. It is a great opportunity to pull a community together, and it is financeable. It is tricky, it is difficult, and it does take a lot of originality, but people are doing it and doing it very well in Salt Lake City. We will make that information available to you.

In a way, your frustration and it relates to the community I represent, the congressional district I represent. Even though I told the earlier panel that the makeup of my congressional district is only six-tenths of 1 percent African-American, that fact really does not make any difference. What is important is the type of people who are there and whether or not they are aggressive—whether or not they scratch and claw. In this country if you have genteel manners, do not scratch and claw, things do not happen. We have had to struggle with economic deterioration as a result of the loss of a basic industry and it has taken us 30 or 40 years to come back. And a lot of our success can be attributed to the technical assistance and Federal programs that have given the community the opportunity to build parks, to build the enterprise zone. Everything you are talking about is perfectly relevant to the recovery of this inner-city community, it is just that recovery is usually sparked out of one or two or three individual people who get together in the community and say we are going to do something. I think you have got two potential successes—the historical plight of the hospital and the YMCA renovation. Those projects could be the spark that gets the operation going; they could force you to get the Community Development Corp., started and examine what kind of Federal, State, and private funds are available, and how those funds are mixed together. You would start bringing the people together to do all this.

I think you are going to have the same type of success down here that I saw in my congressional district. I am just anxious for you to get out in the district.

Ms. MCKINNEY. Mr. Chairman, I would also like to ask Mr. Whalen if NationsBank has made any attempt to enlist other banking institutions in its new community investment activities.

Mr. WHALEN. Congresswoman McKinney, I do travel the State, I cover 23 communities outside of metropolitan Atlanta, and we have in fact worked with other banks on projects in various com-

munities. We are involved in several multibank opportunities right here in Savannah. The Small Business Assistance Corporation, also CHSA—the CHSA, of course, works more with affordable housing, but we are involved with other banks in initiatives.

Chairman KANJORSKI. May I ask a question? Does Savannah have a Small Business Investment Corporation under the SBA Act?

Mr. WHALEN. I am not familiar with whether they have one or not at this point in time. I know they have a Small Business Assistance Corporation and some other acronyms out there, but I am not sure that they have the SBIC.

Chairman KANJORSKI. Are you familiar with the SBIC?

Mr. WHALEN. Yes, we are piloting one up in North Carolina.

Chairman KANJORSKI. These are very important for venture capital operations, and a bank like yourselves could be an organizing body which could put capital into it. I have seen them work very, very well across the country and the earlier panel—particularly Mr. Jackson—talked about the need to access venture capital. And I think it is right on target. We have tools for that—I was going to ask the question, has the bank reached out to the community that the Chief has described, to try and bring in a training program and an educational process program? I do not really know how to phrase it. We could all say the same thing we could even have the key in the door but somebody has got to show us how the key fits in the lock and how we can be the first to turn it. We are close, I can feel that we are close, but has the bank reached out and said take a class of 10 or 15 individuals every year from the community and take them through a leadership program, a business program?

Mr. WHALEN. Of course, we have three educational programs; one being banking basics, which talks about the importance of a checking account, managing your account and the importance of credit. Then we have the Homebuyers Educational Program which takes you through the process of buying a home. Very shortly, we will be rolling out our small business curriculum, which is 14 hours of study. That should be available in the third quarter of this year. We test piloted it recently in Nashville, Tennessee, we are going through the process of getting feedback now, but we will limit those classes to probably 15 students at a time. Those will be in a partnership with groups that will actually facilitate the meetings.

Chairman KANJORSKI. So you are going to reach into the community and start providing some of the technical assistance.

Mr. WHALEN. Over the next 45 days, I will be developing a market development plan for Savannah, which I will look at what is available, the resources available in the Savannah area and try and match them up with NationsBank resources. We will also take a look at the possibility of adopting a neighborhood much like we are doing in Macon, Georgia, right now. We are providing credit education, making credit products available and we are actually supporting quality of life initiatives in that community in partnership with the city of Macon, the King Center and the Bellevue CDC.

Chairman KANJORSKI. What is the college that is in the community?

Reverend MITCHELL. Savannah State.

Chairman KANJORSKI. Have the faculty and the administration reached out to the community to provide some leadership and insight and information as to—

Reverend MITCHELL. Just take for instance, the needs assessment study that we have done with ConEd, Inc., was in partnership with Savannah State College. We did our own needs assessment with their Social Services Department, they did help us do that needs assessment.

Chairman KANJORSKI. What I'm talking about, Reverend, is developing leadership, particularly young leadership as the Chief was talking about. I mean the 18 to 30 year age group has got to be drafted and informed, whether it be by formal education process or by the faculty reaching out to it. Has that happened?

Reverend MITCHELL. I am pretty sure there is a program, but one that is specifically geared to that, I do not know, but I do know even when you look at Savannah State, anything that is African-American is still not funded like other State supported schools, so they have to channel most of them where they are, but they are in the community and we work them. But for that particular program, I cannot say yes or no. But I can tell you this, they are willing to do anything to help what will deter this crime and things that we do have.

Chairman KANJORSKI. So if there were tools provided, like computer programs and information, they would have the ability to take that technical information and start working with the community to develop the leadership and build the understanding of the processes.

Reverend MITCHELL. Yes. I know the president, I know the people who are out there in the administrative area, the vice president, and we have a good relationship and I am pretty sure they would.

Mr. WHALEN. Mr. Chairman, they do have a young entrepreneur program at Savannah State, they work with age groups 16 to 24 and I am not sure how long the actual process is, but it is an entrepreneurial program they take them through even to writing a business plan.

Chairman KANJORSKI. How do they communicate the existence of that within the community?

Mr. WHALEN. I am not sure how they actually market that.

Chairman KANJORSKI. I was just wondering. A newsletter works very well.

Chief, if I could ask you a question because you were the man on statistics. What is the basic support system within the community, how do people—on what do they live?

Mr. AFOLABI. On what do they live, in terms of income?

Chairman KANJORSKI. Yes.

Mr. AFOLABI. The average income in the inner city is around \$7,500 per household which is again below all poverty levels. [See demographic chart, Savannah.]

Chairman KANJORSKI. Where is that derived from? Is that from the Welfare Program?

Mr. AFOLABI. That is derived from the 1992 census.

Chairman KANJORSKI. No, I mean, is the source of funds welfare programs?

Mr. AFOLABI. Yes, I am sure in any area where you have a high incidence of teenage pregnancy, teenage mothers, they also have a high incidence of welfare recipients because that is their source of income.

Chairman KANJORSKI. Let me ask you something. The President is planning to reform the Welfare Program. Even though we may require employment after 2 years, we simply may not be able to create enough private jobs. Some of the jobs in communities like this can be community work. I mean, as a last employer, we could have people who still draw benefits, but they would have to work 20 or 30 or 40 hours a week to get those benefits. It is going to be up to communities like Savannah to find out how to put these people to work. It has to be a training and work program. People could work rehabilitating public buildings, or rehabilitating housing. But you need a leadership group, you need a supervisory group. Is that—does the community have enough leadership built in and directed toward that end?

Mr. AFOLABI. In regard to community based leadership, yes. I think we have a community that is more than enthusiastic about that. I think the greatest problem that we have, first of all, is the consensus that African-Americans do not want to work or that young people do not want to work or that young African-American teenagers get pregnant and go on welfare. It is really ludicrous. We are in a community where we now have a rising rate of younger and younger teenage pregnancies. When I was young and you were young, if 15- and 16-year-old high school girls got pregnant, it was a no-no, but you kind of looked for it and expected it in certain areas. We have young girls now in elementary school, we have 12- and 13-year-olds now right here in Chatham County and across the country who are pregnant.

Chairman KANJORSKI. Why is that?

Mr. AFOLABI. Why is that? Good question and that is a question we do not seem to ask. We have 16- and 19-year-olds with three and five babies already, so we penalize them through the DFACS Program, which we are about to do through the President's program, but here is something to add to that. Two-thirds—not my figures, national figures—two-thirds of all teenage mothers were sexually abused as children and more than 28 percent of all sexually abused females were sexually abused under the age of 2 and the largest percentage under the age of 7. Now you take that figure and link that to why there is so much teenage pregnancy now, it is because they have already been raped and abused. So we have to challenge that from a medical and social environment because by the time they reach 12, 13, 14 years old, Congressman, they have already been abused.

Chairman KANJORSKI. How do we break that cycle?

Mr. AFOLABI. I am sorry?

Chairman KANJORSKI. How do you break that cycle?

Mr. AFOLABI. You break that cycle because you have to have hands on to the community. You know, it is like the chicken or the egg, which comes first; well we have to go into the homes, into the community, we look at the demographics of an area like Savannah as to how you break that chain, we are in a community where 50 percent of the houses are dilapidated, we have an environment that

is distressed, we have economically deprived communities, we have historical black business community that has been raped and torn apart and ripped apart, so the heart of the community, the inner community, is torn apart. Now, how do we solve that? We have to give the community an opportunity to have some input and say-so into its economic empowerment. You have to empower people. What do we want, what do our young people want? They want the same thing that every American, every human being wants, they want money—they want money. And they want an honest opportunity, a legitimate opportunity to earn that money. However, if that opportunity is not available and we in the black community do not have the empowerment at this point to give them the jobs and economic stimulation that they need, then they are going to go out here, Congressman, and get it somewhere because we have stimulated them with that through our news, through our advertisements, through our marketing, through our TV and and so forth why they need these standards of living but we have cut them off from having an opportunity to achieve it.

What we are asking for with an enterprise zone again is simply this, the problem is there will still not be jobs for them.

Chairman KANJORSKI. Chief, I think you are right. Let me ask you another question. Since 1960 I have seen a tremendous rise of the African-American middle class. I mean in Washington, DC some of the finest lawyers, finest professors, finest doctors have risen out of the African-American community. Three that I have in mind are advisors to the President and in mind and ability are second to no one. They did not get there by being African-American. In Washington law firms, you do not get hired because you are African-American, you get hired because you have ability and you are competing on an equal playing field with everyone else. That change occurred during the 1960's and 1970's, and yet prior to 1960 the teenage pregnancy rate was very low in the black community. It was not very much different than any other community in the country. Now that rate has risen within the center cities and yet we have the phenomenal success of the black middle and upper middle classes. What happened?

Mr. AFOLABI. One, we abandoned them in the inner cities. Two, young girls today that are pregnant are just not doing one thing that they did 20, 30 years ago, when they died aborting their babies. Young teenagers today under the age of 16 are having babies, so we see the numbers. Young girls over the age of 17 to 20 may be aborting, that is where abortion rates go up, but these younger teenage girls are having their babies so we see it in the numbers. But another way to answer your question is that yes, there is a lot of accomplishments, we have made strides in academics, technical, and advanced studies as well as in different areas, but not every African-American nor every American student goes to college or goes to a university. And universities and colleges and degrees should not be the only alternative as to whether or not we economically succeed. Now, there is something within the African community that we need to be very much aware of, you have either one way or another been very fortunate to exceed, you are borderline, or you are very unfortunate. There is not a lot of middle ground,

you either are or you are not. What we need is more input and more say-so.

Now, you mentioned about a lot of Federal programs and assistance that comes into the inner cities, Savannah is one among many others, and very true. But it came in through other channels with other hands and still has this slave/master mentality that we as a community, the African-American community cannot identify or supervise or manage needs. So one of the things that needs to happen is that we need more community input. Even with community block grants, Federal programs and other things that come in, we hear about them after someone else has decided this is "what you need." We need to be at the table when plans are being designed so that we can define what our needs are and then we can take the responsibility for our inner communities.

Chairman KANJORSKI. Very good.

Mr. JONES. Mr. Chair, to piggy-back on that, I would want you to understand that in our community here in Savannah, particularly in the housing projects, when a child reaches the age of 18 and says to his mother, I would like to get a little job to buy jeans and sneakers, if you please, to go to school or college or trade school, that money goes toward mamma's rent, mamma's rent goes up. In other words, you are saying throw your 18-year-old child out because if they make any money—that is a HUD program. Now, if the President wants to redirect our welfare, it is not that people do not want to work, but they cannot afford to lose their benefits such as their health benefits. Leave those benefits in place for a certain amount of years, allow people to work. If HUD said no, do not go up on their rent, then people will come from under the system to become viable citizens, but Washington is causing some of the problems here and in all cities.

Chairman KANJORSKI. Well, the health insurance change is going to change the very program you are talking about. There will be a support system, so losing health coverage by getting a job will not be a worry. That is very important, you are absolutely right.

Mr. JONES. This is all that the people are asking for, leave my benefits in place, because even I am retired, I cannot afford the hospitalization and health insurance now, and certainly they cannot and each and every one of us wants our children to have nice teeth, glasses, and health care. But when you do that, if you take that away from them, they say why work.

Ms. MCKINNEY. Mr. Chairman, I would just like to ask for clarification, is it that I am hearing that the CDBG process here in Savannah is not one that is open and accessible and fair?

[Comments from audience.]

Chairman KANJORSKI. Well, this is a challenge. Who wants to get into it?

Mr. JONES. I will stand back and allow Reverend Mitchell to expound on that.

Reverend MITCHELL. You are right, Congresswoman McKinney, yes.

Mr. AFOLABI. There has been a lot of questions and a lot of redirection and a lot of priorities about CDBG grants, but that is just one piece of money. Unfortunately, sometimes we rise to things because of publicity. I have something even more critical, the "Weed

and Seed Program"; what the Weed and Seed Program was designed to do was target inner-city communities with concentrated illegal drug activities—and we qualified, obviously qualified, we have got the numbers, we qualified for the inner city of Savannah. What is "Weed and Seed"? Weed and Seed is a federally mandated program that enables Federal dollars and Federal assistance to come into a targeted area, clean out the drugs, clean up the community, and seed it with economic growth, jobs, and housing. We were deprived of the money at a time when it should have been done. The community is not even aware of that. We should be aware, we are reaching for everything we can to help us. So CDBG grants is one source, Weed and Seed grants is another source, but there are a tremendous amount of Federal programs out there that we do not know about. What we need here is a Federal task force, what we need here is community based input into Federal programming so that we can identify our needs. We do not need city government or county government or State government telling us what we need, we know what we need. We need to be telling them what we want them to do to meet our needs.

Thank you.

Reverend MITCHELL. Mr. Chairman, I would like to say amen to that. [Applause.]

I want to say amen to the Chief on that because there are so many grants or so much information about what we can get, we do not even know anything about it, that will apply. And we have seen what we do know about, that strategically instead of building up the inner city, it ends up on the island, things of that sort.

Chairman KANJORSKI. I am not sure I understand what that means.

Reverend MITCHELL. Well, the things that we do know about, the grants that we do know about, or funds that are supposed to be used to build up the inner city, somehow or another through their law or way of doing things do not end up where it is supposed to be or where we thought it should be, in the inner city to build up slum and blight. It ends up out on the islands where the rich and well-to-do live.

Chairman KANJORSKI. Are they part of the community of Savannah?

Reverend MITCHELL. Chatham County.

Chairman KANJORSKI. Oh, I see.

Reverend MITCHELL. Not the city. And one other question to piggyback off the Chief, how come it seems like we are falling down. I want to go back that I do not know what happened to the school system, but when I was going to school, there were many guys and girls who had trades in their school system that they went into in the ninth grade and so when they got out of high school they could make a living, whether it was auto mechanics or whether it had to do with hair, beauty culturist, or whatever trades it was. Now we are graduating kids with no kind of skills to do anything. So that is one way of decline. But I do want to get back, I said be fair to all of us in the distribution of information. Now I want to make it clear again those of us that want to do, it seems as though people select who they want and where they are going to put funds rather than where we need them. And I am going to tell you, we do not

know half of the stuff that comes in here. And brother Jones here on the city council, he says he does not know either. But my point is, you are in a better position than I am.

But another point is, I am glad to hear that the banks have a program. We have been touting our program for 2 years of a national historic building that has national historic significance which is a landmark of this community and for some reason or another, it does not reach the ears of the people who have the programs nor the banks. But I guess I know what it is, I guess what we feel is important in this community, which was important, because soldiers who died in World War II could not even go to the USO Club, they had to come to the West Broad Street Y in order to get entertainment. Many black professionals coming to Savannah, including baseball player Hank Aaron, stayed at the Y. Richard Nixon was there representing the United States in that building. Many businesses were located in that building. I do not understand for the sake of me, that this national historic building that meant so much to this community has not been preserved. Elected officials and people who are supposed to be responsible, whether they are bankers or elected officials, do not hear the cry for saving what has been important and is important today to this community. Something is wrong. Slums do not just automatically pop up. They come from gradual neglect. And from my understanding, there are funds to rebuild. But, we do not get the information. There are always put over in another community to make it better. We have had this thing for 2 years and I am glad to see my brother Whalen over there, because I made a trip up to NationsBank and I haven't heard a word from them. [Laughter.]

Chairman KANJORSKI. Do you want to get into that?

Mr. JONES. I will drive you there.

Reverend MITCHELL. In 45 days we are going to be looking for you.

Chairman KANJORSKI. Mr. Fields.

Mr. FIELDS. I think all has been said. I have heard a lot and I guess if I make any suggestion at all—make any statement it would be a suggestion, and that is that it appears that there needs to be a little bit more working together and communicating and networking in this community, because we have all got to work together to make economic development a reality. I would certainly suggest—being on the Banking Committee, I would certainly suggest, Michael, that NationsBank get as involved as possible in the community.

That is all I have to say, Mr. Chairman. I think all has been said and said well.

Chairman KANJORSKI. I think it is interesting and as I have said, I am looking forward to this afternoon and being down there. But I think Mr. Fields put it together: Regardless of how we all feel on the local level and how much we could point fingers, we all have to put it together. I am looking forward to seeing it this afternoon. Maybe it will be an example of how it can be done and what kind of interplay and intercommunication can occur on the local level, State level, and the national level. We need to get government and the private sector and private leadership involved.

I am firmly convinced that you all know what some of the problems are and you have very strong opinions as to how they can be solved. I think you can put that all together and get leadership from outside and from within the community. You should all be working on the same problem with the same objectives and goals. And I can tell you one thing about two colleagues here: They are going to be out there giving representation on the national level, I will tell you that, Mr. Mitchell. I work with this young lady—tough, tough. I enjoy working with her. Mr. Fields and I are on Banking and we are part of the Community Development Block Grant Program, so we do this type of funding. We have a Secretary of HUD now that is much more interested and involved. You will be happy to know that we are going to create a network of projects so that all projects in the country will be rated and prioritized by local communities. We will have that information within a couple of years; we are working on it with the new Secretary. So we will have some of the tools you are all talking about.

Reverend MITCHELL. Chairman Kanjorski, on what Chief has said about those statistics, I want to go back because I titled one of my sermons about his article in the paper, the *Savannah Morning News* on November 25. For a city of 200,000, we have too much poverty, but what was alarming to me is that we lead the State of Georgia, and if the paper is correct, we lead the United States per 100,000 of all syphilis, gonorrhea, AIDS cases, homicide, and also teen pregnancy and also infant mortality. We lead the whole State of Georgia and the United States of America. Those statistics were done by the chairman of the Chatham County Health Center named King, Stephen King, who said his report reflected these statistics from the Moore Medical Center, and also the Health Center. So that paper can enlighten you, but it hurts me from this size city and it lets you know where we are. Because if you do not have jobs, folks are going to make a living one way or the other and we have over what we should have in a city this size. This used to be a lovely city that is on the coast.

Ms. MCKINNEY. Reverend Mitchell, could you get with my staff and give them those references? I would love to have information.

Reverend. MITCHELL. I will give you the sermon too.

Ms. MCKINNEY. Please. I think I need it. [Laughter.]

Chairman KANJORSKI. That is a hell of a report card.

Well, thank you very much, we do appreciate your input.

Chief, did you have something else?

Mr. AFOLABI. I just wanted to say to Congresswoman McKinney that we have those figures for infant mortality and teen pregnancy and so forth.

Chairman KANJORSKI. I would like to have a copy of that also. Thank you very much.

[Brief recess.]

Ms. MCKINNEY. May I ask unanimous consent?

Chairman KANJORSKI. Yes.

Ms. MCKINNEY. Mr. Chairman, I would like to ask unanimous consent that a letter from Scott Center, who is president of National Office Systems, Inc. be inserted into the record.

Chairman KANJORSKI. Without objection, so ordered.

[The letter referred to can be found in the appendix.]

Chairman KANJORSKI. Before we convene the panel, I ask unanimous consent that the record remain open for 2 weeks to permit the insertion of additional written statements from anyone who wishes to submit the same for the record. Without objection, so ordered.

And now we have our third and final panel. We have had two great panels so far and we are looking forward to the third. Making up the third panel is the Honorable Emma Gresham, the mayor of the city of Keysville; and then Beverly Whitehead, director of Human Resources for Chatham County; Mr. Rick Toole, chairman, Savannah River Regional Diversification Initiative; and Mr. Vernon Martin, chief administrative officer, Coastal Area District Development Authority. I have had the opportunity to talk with Mr. Martin over coffee this morning. We look forward to all of your statements. May I say that your formal statements will be made part of the permanent record. If we could have you reduce those and synthesize them down in your opening remarks, we could have more of the byplay we have had with the last two panels—it is really very enlightening. I know that Cynthia knows a lot of this and maybe Cleo knows a lot of this, but this is really my first foray into the South, and to see the industrial development, or lack thereof, and what some of the problems are is incredible. At any rate, a great deal of information comes out when we have informal conversations after the formal testimony.

Mayor, with no further ado, I would ask you to give your opening statement.

STATEMENT OF EMMA GRESHAM, MAYOR, CITY OF KEYSVILLE, GA

Ms. GRESHAM. Thank you, Honorable Cynthia McKinney; thank you, Honorable Paul Kanjorski—I want to pronounce your name correctly, Kanjorski—

Chairman KANJORSKI. Very good.

Ms. GRESHAM. Thank you, Honorable Cleo Fields.

I should give you some facts about where Keysville is because Keysville—everyone says where is Keysville. Keysville is approximately 2½ hours from Savannah, Georgia. And we are—if you read this little sheet of paper here, you will see that we are just 22 miles—it says 25, but I believe it is 22 miles south of Augusta, Georgia, and we are 18 miles northwest from Waynesboro, Georgia, our county seat.

I was so happy when Jerry Long our executive director of the Burke County Economic Development Authority said, “Oh, you are going? I will fix you something real quick.” So I will not read this, you will have an opportunity to read this, but I would just like to say that I thank you for inviting me. I am always ready to talk. You know, when you get someone who has taught school for 32 years and did not know that they were going to be what I am styled, a politician, and I do not know that I am. I am the mayor and I do not know that I am a politician, but I am a mayor, with a lot of faith and a lot of people. Our town had its first election in 1988 after being a town that was dormant for 55 years. A group decided in 1933 that there would not be any more elections, although we had a viable charter.

So as a result of that, we have had to, since 1988, rebuild the town. We did not have a lot of things, but I can say today we do have streets and street signs for the first time. We have lights in our town for the first time, we have—we did not have a city hall, we have a city hall now, and we did not have land, we have land now. We did not have a clinic, but we have a clinic now. We did not have a library, we have a library now. We are a certified participating literate community because of our work that we are doing with literacy and tutoring every day. Our children, the motto our children have is “We Are The Keys To The Future,” and we make it so because we have a group of children who meet at the city hall—city hall becomes the center after 5 o’clock and that is where the tutoring goes on, that is where the library is located, in one of the big rooms there, and that is where I get a chance to practice some of the things I am accustomed to doing, that I like to do, along with my city clerk, who turns into a tutor after 5 o’clock.

We have a group that meets every Wednesday—and I have to rush back because we have what we call the Keysville Junior Concerned Citizens; these are the ones who like to talk politics with me and tell me which one will be the mayor in a few more years. We feel that the youth in Keysville is the greatest resource that we have there.

But we are very happy to say that because of a \$400,000 block grant, that we were able to put a water system in Keysville, the first water system that town has ever had even though it was chartered in 1890. Because of that water system—we had a needs assessment and all the other things you have to do when you are getting a block grant, and we were able to put bathrooms in three homes that had never had a bathroom. A 75-year-old man just had a time when we cut the ribbon and he had the television station to come in his house to see him get in his bathtub, because he was so proud. You know, if you never had a bathtub, you are just proud. And if you happen to be 75 years old, you are extra proud that you have—finally you can turn on hot water and finally you can turn on cold water and have a good bath.

Our vision leads us to feel that there is so much more to come and if we continue in the vein that we are going, with educating our children, of networking with people—I do believe that you have to network. Networking with people, being able to talk and being able to participate in everything that someone asks you to participate in. Sometimes I find myself going a lot of ways, but it is because of networking and trying to bring people into focus with what we are doing in this little town of 400 residents, because we dare to say that we are going to die, we dare to say that we are going backward—we are going forward. And we have got faith enough in each other, we lean on each other’s strengths that we are going forward because we are going to educate our children and they will be the leaders and we will be leading the way and teaching them how, what we want them to do.

Of course, we recognize that the State of Georgia has a lot of things that they plan to do. Thank God for the lottery, even though I am a good praying Christian, but I thank God for the lottery because it is doing something for education. And I thank God for the

Honorable Cynthia McKinney, because our children know her by name and they know her by face. And when they knew that I was coming here, they said, tell our leader hello, and I am saying that to you.

We are hoping to—someone asked me, if you had a choice of a business, what would you say. I said ask for a business, a shoe-string, a job that would hire 10 people, we would be happy if we had something that would hire 10 people, we would be happy. We are not looking for anything big, you have to start small and then you grow. We will grow. And as our children and as our people become educated, that town—when integration came, our schools moved, our children have to travel 36 miles a day to school, we do not have a school. That is why it is so important that we tutor every day, that is why it is so important that we have a library, that is why it is so important that we have this club on Wednesday and bring them in so that they can know that they really are the keys to the future.

On our water tank we have “Keysville, the Town where Everybody is Somebody”. We have to focus on positive things. We do not look around at negative things. We just take a lemon and make lemonade, and I believe in that. And we are asking you, the experts, to just open the door just a little bit and we will just walk on in there, just open the door. Because that is all we are looking for, just an opportunity, just a chance so that our young people and some of our old people can find something to do, because we are anxious and ready.

We have one business, a convalescent home, but everybody might not be so keen on working in a convalescent home. There are only about 10 people and you have to train to work in that type of job.

We need a lot of things, and I am not going to write off anything we need, but we feel—we do not want you to write us off because we are going there very slowly, and you will be seeing us and you will be reading about us. *Time* magazine said Keysville was the town that time forgot, but we are trying to catch up in our own way because we believe that with faith and with God all things are possible. And it is true, Keysville will not be forgotten if you, our Honorables, find the time to just think on Keysville and please read this slip. Thank you.

[The prepared statement of Ms. Gresham can be found in the appendix.]

Chairman KANJORSKI. Thank you very much.

Ms. Whitehead.

STATEMENT OF BEVERLY WHITEHEAD, DIRECTOR OF HUMAN RESOURCES, CHATHAM COUNTY, GA

Ms. WHITEHEAD. Thank you, Honorable Paul Kanjorski, Honorable Cynthia McKinney, and Honorable Cleo Fields.

I come to you today representing Commissioner Joe Murray Rivers, District 2 representative for the county commissioners of Chatham County. Before I share his remarks, please allow me to make a couple of my own in response to your dialog with panel 2.

Two things stayed clearly in my mind as I heard the exchange. You addressed whether there were efforts underway that allowed the youth in this community to gain training, become employed

and make a blend of their talents, share their talents for the betterment of this community through community projects. There was some unclearness about whether that is in place. Yes, it is. The difficulty with it is that it is underfunded.

As I heard, what are the obstacles, what are the challenges, having started in a career of public service along with the CETA Program, I have seen many things happen. Those programs have simply changed names, changed letterhead, and changed regulation, but I submit to you that those programs are doomed to fail unless we provide consistency in the funding and removal of the obstacles that prevent those programs from working on the local level. Sometimes I feel like in this environment that it is going to be tough to say that I am a part of the bureaucracy, but I am a part of the bureaucracy for change. I know what it takes on a local level to make programs work. With all the wisdom that is in Washington, with all the knowledge that is in Washington, the key ingredient that is in Washington is realizing that programs that are regulated, regulations that are written for implementation in Savannah with its uniqueness, in Miami with its, Keysville with its, has got to be sensitive to the area in which the program can operate. Will that mean that there will not be monitoring, there will not be accountability, there will not be control? Absolutely not. What it does mean is you have got to believe in the talents and the skills and the desire of the local communities throughout this country to make it work.

Our youth want to work, our communities want to work, the very programs, whether we call them CETA, whether we call them JTPA, whether we call them community block grant, those programs are only effective if we can remove those regulations which doom the cycle to continue. I encourage you, as you begin and as you go out through the country, listen to those small voices that say—those vehicles, we do not need any more vehicles, we need to make the vehicles that are in place work. Take those dollars that it took to change from CETA to JTPA, changing letterhead, changing regulations, things like that, take those dollars and reinvest those in the local communities. Those things can happen, the talents are here, the wisdom is here, they understand the uniquenesses and what makes those communities work.

We have mechanisms in place right now. We need to make them work, not duplicate, not reinvent. Too much of our time—in the 16 years that I have been in public service, I have seen too much time being spent in reinventing a wheel that is functional. What makes it dysfunctional are the shackles that we put on it and we call it shackles in the name of monitoring and shackles in the name of accountability.

I encourage you to restore—you being Congress—to restore your belief in the viability of the communities across this country like Keysville, like Savannah that simply want a chance. They can make it work.

Again, I am here to make the remarks for Commissioner Joe Murray Rivers. Thank you, subcommittee members, fellow speakers, ladies and gentlemen. In today's headlines, we often read about competition. The notion of competition in regions became elevated to a new level in Mercedes-Benz' decision to locate in Ala-

bama despite notable offers from communities here in Georgia, South Carolina, and North Carolina. As the competition for economic opportunities becomes keener, the more urgent the need becomes for removing those liabilities that stand as roadblocks to their consideration. While the stakes are seldom as high as was in the Mercedes plant location, the purpose should be the same. Our goal in the Savannah River region should be to increase the odds that we can compete at the highest levels for the economic opportunities that we as a region desire.

Competitiveness remains a cornerstone of every economic opportunity. When we speak of economic growth within the Savannah River region, we must realize that its prosperity depends upon the prosperity of all segments of this community. Within the Savannah region, minorities share disproportionately in the economic well-being of the region. You have heard the statistics, they are real. Per capita income, effective buying power, and business ownership for minorities lag significantly behind their counterparts within the region. Allow me to offer a few recommendations on how to improve the competitiveness of minority participation in this region's marketplace.

First, the use of designations for disadvantaged business enterprises and women business enterprises should be separated for recordkeeping purposes. This will help ascertain the true share of minority business enterprise programs. These are necessary to create jobs, particularly for minority residents, add economic vitality, and raise the level of competition, particularly in our urban areas.

Second, the U.S. Department of Commerce should accept a more proactive role in grants for disparity studies. Such studies provide a rational approach to overcome the disadvantages, systematic disadvantages, caused by historical and present discrimination against minorities in business. Without these programs, the integration of minority business enterprises into the economic mainstream will be forever hampered. Hence, the inability to compete at the same level as others over the long term. As a footnote, Chatham County government plans to undertake its own disparity study.

Third, more capital should be available for minority business ventures. Lack of access to markets in growth industries restrict participation in the area's economy. Helping to overcome this will require increased funds through community development corporations. It will also prove valuable to make available funds repaid from CDC loans to become working capital for other loans in particular with a percentage allocated for minority and other disadvantaged communities.

Other roadblocks must be removed to ensure the region's competitiveness. As our community has discovered with its road program, in particular because of the Port of Savannah's dependence upon a viable highway network, roads are the lifeblood of economic development. Despite the community's reaching a near \$1 billion commitment to road projects, some projects require a more regional perspective. To ensure the area's competitiveness, funds should become available for the full development of the Savannah River Parkway. Of the 152-mile development highway which would extend from Savannah to Sylvania and Waynesboro to Augusta, less

than 30 miles are completed. Without the four-lane developmental highway, the Savannah River area remains at a competitive disadvantage when competing for economic growth as a region. And while we are imagining our future competitiveness, consider how the development of a high-speed rail service that links us to the Atlanta region would bolster our ability to compete.

Competitiveness also means that we must invest in our local communities. For example, the Federal Government should be applauded for its recent investment of office space for the U.S. Marshal's office and others on Broughton Street. Let us hope that keen sense of the downtown as the signature of a community will be realized in a plan to locate the U.S. Postal Service in the same vicinity. Not only do such investments in the community set the pace for immediate economic benefits, but also put in place a structure that will pay off enduring dividends.

In closing, when the focus becomes a region and its economy, the public and private sectors are often mentioned in separate terms. In reality, they are interdependent and intersect as partners to form the region's path to progress. Only by recognizing how the elements of regional policymaking fit together can we marshal the future. We must realize that the issues that face us as a region in the coming years and beyond can be resolved, but they will require all of us, individually and collectively, to make such a commitment. Community involvement and support of programs that local governments develop will be the key to our future. If we do not become involved as the issues present themselves today, no opportunity will become available in the future to correct them.

Thank you.

Chairman KANJORSKI. Thank you very much, Ms. Whitehead.

Mr. Toole.

STATEMENT OF WILLIAM R. TOOLE, CHAIRMAN, SAVANNAH RIVER REGIONAL DIVERSIFICATION INITIATIVE

Mr. TOOLE. Mr. Chairman, Congresswoman McKinney, Congressman Fields, it is a pleasure to be here before you today to talk about economic growth strategies.

I, unfortunately, will sound somewhat like a broken record because I think I share a lot of the same ideals and objectives that have been presented to you today. But I would like to highlight a few areas.

I am a private consultant civil engineer in Augusta, Georgia, and I chair the Savannah River Regional Diversification Initiative—and it is truly a mouthful to try to say. Through these interactions with various agencies, I have become involved with and aware of several problems that have come about, particularly in interaction with Federal agencies. And in response to some of those problems, I have had an opportunity to work with some of the EDA extension agencies such as resource development centers and other similar agencies, and with that interaction have developed 10 basic areas we feel like may have some input and some impact on what we might like to accomplish in the Federal assistance program arena.

And let me preface that by saying that my own personal involvement with various initiatives has resulted in the observation of two very glaring obstacles that have to be overcome. The first is the

availability of resources, and that is adequate resources for new venture capital and seed monies. The second is the actual streamlining of organizational processes and the regulatory environment in which the Department of Commerce and EDA in particular work within. And I hope that these 10 items will give you a little insight into that.

On the venture capital side, seed monies are required. We have a direct disconnect between those entrepreneurs who have ideas and the ability to create new industries and small businesses and the availability of monies to get them to a level where they can apply for small business loans. And that very distinctly is shown throughout the country and it is highlighted by what you have heard today through the various panels.

In the Overall Economic Development Program of EDA, that is an opportunity for us to streamline the actual process by establishing a coordinating body between State and local and Federal agencies and interagencies so that when we talk, we have the availability and the assistance locally to find out what programs are available so we can expedite whatever our particular objectives are.

Regional office approval so that we do not have to go through the 3-month or 6-month process to look at approval of grant applications or other programs for assistance. Put them in the local offices with a 90-day approval process.

Equity investment, that is exactly what we need, we need equity investment so that we can capitalize on the local partnering availability through the private sectors, banks and so forth.

Long term development projects—typically a project requires 3 years to get through maturation and a lot of these projects in low- and moderate-income areas need that extra assistance and not just startup funding. They need that continued investment.

Community-sized loans, less stringent rules for revolving loans, and also special set-asides for the low- and moderate-income neighborhoods that are necessary to help increase and advance our economic development processes in the cities.

Business education loans so that we can attack the retooling and retraining of our work force as they become displaced through various objectives.

Economic development districts—we need to encourage more support to address critical needs of communities. Basically, we need to put the decisionmaking process in the community's hands, but that does not mean again that they are not accountable or responsible for those actions. That has to be incorporated.

Minority college incubators and entrepreneurial training—assistance should be given to the historical minority university system basically to look at the Technology Oriented Business Programs, so that we can make entrepreneurs out of these people coming out of school. We can improve career development and business assistance services as they move into the work force.

Economic measurement and accountability is going to be a monumental task, but it is something that has to be accomplished at the local level. If we put the responsibility in the local hands for dissemination of these programs and administration of programs, they have to be accountable for what happens. And I think being ac-

countable for the results and tackling those challenges is something that we need to be aware of.

On our local scene, as we talk about Federal programs, let us move down to the region of the Savannah River Corridor, it basically extends from here to Augusta. In South Carolina from the Beaufort area to Aiken and on this side from Savannah to Augusta, and you have heard from various individuals from different areas through here. The area is very diverse, it consists of approximately 1 million people and the diverse economic base includes a manufacturing sector, service sector, education including higher education, and governmental areas.

To our own detriment to some degree, we have a very high relationship to governmental employment, particularly in the defense-related industries. As you look around Savannah on your tour today, if you come to Augusta, you look at Fort Gordon, you look at Fort Stewart, you look at Hunter Air Force Base, you look at the Savannah River Site in Aiken, South Carolina, the Department of Energy's facility. With this, we suffer the same problems that most areas and regions of the country are experiencing as relationship to their dependency on military installations and governmental employment. And that is our change in administration policy to reduce our defense missions and defense programming activities.

So we are looking at various local initiatives to try to diversify our own economic base. And I would like to talk to you about a couple of those as well.

The Savannah River Regional Diversification Initiative originally came out of Congressman Butler Derrick's office as a visionary opportunity to look at diversifying the regional economy of the Augusta area and the metropolitan Augusta area in both Georgia and South Carolina, as it relates to the resources available in that area, both human and physical facilities. Congresswoman McKinney and Congressman Don Johnson also in relationship to that initiative helped to appoint the initial board which includes eight members from each State on the original board.

This particular initiative was looking at being an umbrella organization to try to determine what economic development policies were available in our region and how they could be better coordinated with the resources and our facilities such as the Savannah River Site, Medical College of Georgia, and Fort Gordon, the U.S. Army Signal Corps, to better marshal so that we could provide a better economic base for our citizens. We also wanted to look at the retired personnel from these facilities that were available and try to find opportunities to recruit industry that could utilize the talents that were ready and available for that work force. And there again, the training opportunities associated with these people who were displaced by the military downsizing.

One of the specific instances is a public/private consortium in South Carolina called the South Carolina Research Campus. That particular area was designated to look at environmental technologies and hopefully become in the future an underwriter's laboratory, so to speak, for environmental technologies. And we feel that that is a growing area that could provide very distinct opportunities for future economic growth. And, of course, Federal assistance would help the research campus move beyond their public/private

vate partnerships currently underway to develop infrastructure, into the creation of new industries and new jobs and new businesses.

One specific case study currently underway is the Southeastern Technology Center, and that is something very near and dear to my heart since I am chairing that initiative as well. We looked at this opportunity of the ARPA coalition, we looked at the opportunities available through the changes in our defense programming and the removal of the shroud of secrecy surrounding our Department of Energy and Department of Defense sites and we looked at the resources, human and physical, that we have in our area, in the Augusta area. Those include the Savannah River Site, Medical College of Georgia and Fort Gordon, including the National Science Center located at Fort Gordon.

Building on the current technologies available in these Federal and State institutions and looking at the needs that we have in our country today in the environment, in health and in communication services, we felt that we had a unique opportunity to capitalize on these resources in a collaborative venture to recruit new industry and provide an incubation for new and emerging businesses. This gives us an opportunity to look at such environmental technologies, tele-medicine which is a new and growing opportunity, both in military as well as our rural areas who need medical attention and do not have the resources to bring that in through large hospitals and highly trained and qualified physicians, where they depend primarily on the services of rotating physicians, nurses, and EMTs. This gives us an opportunity to broker data and human resources and physical assets in our area as well as encourage the incubation of new business and industry. We feel like with appropriate support from the Federal level at this point, that this particular concept could become a reality in the near future. We have worked with the Department of Energy, but as I mentioned earlier, with the regulatory maze that has come about through many of our agencies—we have run into the same problems with the Department of Commerce, and that is trying to locate the proper person, locate the proper source of funds to utilize to help develop this facility and being able to adequately address the needs that are required in that paperwork.

In closing, the United States is undergoing dramatic changes, changes in our society, our culture, our social events and our education processes. And these changes are leaning themselves over into the business and governmental sectors. As business tries to become leaner and more efficient, so must the government change in that direct area.

Simplifying application formats, providing the one-stop shopping that was mentioned earlier and reduction in the mass of regulations that we have to go through would certainly be a help to what we are trying to accomplish.

Thank you.

[The prepared statement of Mr. William Toole can be found in the appendix.]

Chairman KANJORSKI. Thank you very much, Mr. Toole.
Mr. Martin.

STATEMENT OF VERNON MARTIN, CHIEF ADMINISTRATIVE OFFICER, COASTAL AREA DISTRICT DEVELOPMENT AUTHORITY

Mr. MARTIN. Mr. Chairman and members of the Subcommittee on Economic Growth and Credit Formation, my name is Vernon Martin, the chief administrative officer of the Coastal Area District Development Authority. And I also serve as executive director of the Coastal Georgia Regional Development Center, which is an economic development district under EDA's program.

Thank you, Mr. Chairman, Congresswoman McKinney, and Congressman Kingston and also Congressman Fields, for inviting me to be here to testify at today's hearing. I appreciate your and the members of your subcommittee's interest in asking how the Economic Development Administration can improve their programs. For years, EDA has been and continues to be of crucial and vital importance in funding many economic development projects in and around the Savannah River region and throughout the entire coastal area of Georgia. It is an agency that since its inception has been one of the most effective and responsive agencies that can deliver very quickly efficient funding support for the benefit of local units of government, particularly as it relates to economic development.

Before I outline some thoughts and recommendations, I would, as you have asked, like to outline our organization which encompasses and serves the entire coastal area of Georgia, serving 8 counties and 26 cities with a population of about 475,000 to 500,000. It also contains a very important element of our Nation's defense, the 24th Infantry Division at Fort Stewart and the east coast Trident nuclear submarine base at Kings Bay. So it is a very viable and growing region. As a matter of fact, outside of the Atlanta region, ours is the fastest growing in the State.

I would also like to outline very briefly to you how the Coastal Area District Development Authority came into existence, and I will be very brief about that. In 1976, and prior to that, W.R. Grace had threatened to liquidate the Nation's third largest seafood processor, which had that happened would have put about 850 people, 90 percent of which are minorities, out of work in Glynn and surrounding counties, which is south of Savannah. There would have been an additional 400 and some odd put out of work in Brownsville, Texas, and Nova Scotia where SeaPak had other locations. We were able to work with EDA through the Title IX Program and convince them that we could establish a revolving loan fund if the company met several conditions, which they eventually did. We worked very closely together over about an 18-month period. And, subsequently, through EDA we were able to receive a \$5 million grant that was made as a loan to the company. They had to set up an employee stock ownership plan, find an outside equity investor and W.R. Grace wrote off a very sizable tax loss and also made a loan to the company. So consequently, we were able to convince EDA that as the company made repayments to the organization, we would have those funds to lend to other businesses in cooperation with banks throughout our region, so long as it saved or created jobs.

As a result of that, Mr. Chairman and members of the subcommittee, we established the Nation's first revolving loan fund

and today it still is the largest. The net value of that fund is about \$8.3 million and we have better than 200 loans in our portfolio. The net value of the portfolio is about \$43 million, part of which is also made available because of the SBA Programs that Congressman Fields mentioned a little while ago. We are also a certified development company under the SBA Programs and package SBA loans and we also operate a \$1 million line of credit loan from the Farmers Home Administration. So since we started in 1976 until today, we have been able to acquire other tools for economic development purposes and as a result of our program, we have saved or created approximately 4,600 jobs since that time. And as I mentioned to you earlier, we are very proud of the track record, that we have lost less than six loans. And when you look at the fact that we are in a high-risk, gray area, gap financing area, we think that is a remarkable track record and we are very proud of that and think we have done an excellent job with it.

I appreciate the fact that your subcommittee has an interest in looking at ways that Federal assistance for growth can be delivered more efficiently and responsively. I sincerely hope that you will be successful in your efforts to initiate some improvements, some of which I would like to recommend and discuss with you briefly here today.

First of all, EDA Title I Public Works Programs are a major source of infrastructure funding for projects related to economic development. One distinct advantage that EDA's programs have is that there is a direct Federal/local relationship. There is not any State in the middle to add additional guidelines and restrictions and which also rakes off part of the money for administrative fees. When you compare EDA's program to, for example—and there are others—but the Community Development Block Grant Program, you will see that EDA's programs are delivered much more rapidly, much more efficiently and at least in our opinion, mine from over 25 years of experience in this business, much more effectively to local governments because EDA's programs are designed around what local governments ask for through their economic development districts or through the Revolving Loan Program that we have, and they answer and help solve those problems. I could give you many, many examples of water and sewer programs, community facilities, revolving loan funds, the list could go on and on. I know you are familiar with many of them. But the distinct advantage is that EDA goes from the appropriations that you in Congress provide, directly to the local governments. And when you look at the other programs that flow through the States, again I am repeating myself, but a lot less funds get to the local level than otherwise were intended.

EDA grants, just to give you some statistics—I am sure you are familiar with it—have been very successful and effective in addressing the primary objective which is that of economic development. For example, during fiscal year 1992, EDA awarded 178 public works grants totaling 153.3 million Federal dollars. After local matching funds were added, the projects totaled \$329.5 million. These projects leveraged \$797.6 million in private sector investments and created 28,490 jobs. The average dollar-to-job ratio, which I think is important, was \$5,380 per job created. In almost

all cases, the projects would not have been undertaken and these jobs would not have been created without EDA's public works assistance. I think it is important to note that the \$153.3 million in Federal funds leveraged approximately seven times that amount in local and private dollars, or \$176.2 million in local funds and \$797.7 million in private funds. So I think that is important and that is an indication of what EDA's programs do.

I would also like to urge that you and your subcommittee retain the current provision contained in the 403 section of the Public Works and Economic Development Act of 1965, which provides that public works projects located within an economic development district get a bonus 10 percent grant, which is a way to say thank you for cooperating regionally with other local governments and acting on a regional scale. And I think that is very important. I would also like to support your efforts to streamline Federal public works grant application process. As you may or may not know, currently applications now must be reviewed by the Federal Assistance Review Board, or a FARB, F-A-R-B. The FARB process was added during a previous administration and that adds an additional and, in our opinion, unnecessary step in the process of EDA being able to get grants from the Federal Government down to the local government. So we feel like it should be eliminated to expedite the grantmaking process.

In addition to the public works grants, there is another tool that I talked about before, and that is the Title IX EDA Revolving Loan Fund. There are other revolving loan funds throughout the United States that have been successful like ours. We think it is a very successful economic development tool that has proven itself over and over again in many regions and we would like to encourage you to keep that on a Federal/local relationship, so that again, the State does not intercede into that with additional accountability, reporting requirements, and other kinds of things that really do not add anything to what we like to call the local process, which is economic development. As you know, all economic development is local. So we appreciate you continuing to support that.

We also would like to ask your subcommittee to do something that we think is very serious. Now, there are many programs in Congress that are going to create additional revolving loan funds. I am talking about the Rural Electrification Administration that is looking at about a \$300 million infusion of money for RLFs; the community bank legislation that was introduced by Congressman Gonzalez as well as Congressman Kennedy, and the counterpart to that on the Senate side, community banking legislation by Senator Kennedy. All those new programs prohibit the involvement of organizations like ours, those that exist throughout the United States, from being the administrators of those programs. And, essentially, what you are talking about doing is creating and duplicating organizations that do not have the, in our case, 15 or 18 years of experience in relation to the banking and community development leaders, chambers of commerce, and others. Those programs are trying, in our opinion, to duplicate and reinvent the wheel by trying to establish new organizations rather than using the ones that are already supported by the banking community, by the local citizens, to operate those programs. And again, we have already got the ini-

tiative, the capacity to deliver those lending programs very effectively, as opposed to creating brand new organizations that, as I say, will be duplicative from an administrative viewpoint.

I would also like to suggest that your subcommittee urge that the economic development plans such as the OEDP, the economic development, be used as a guideline for Federal funding of other Federal programs such as the empowerment zone and enterprise community programs and other development initiatives from HUD and the U.S. Department of Agriculture. It makes very little sense and it is very expensive to require separate plans be developed for each program when they essentially would be administered in a similar or very same regions.

I would also like to suggest that your subcommittee give serious consideration to asking the Office of Management and Budget to immediately review all audit and financial reporting and other cost-cutting regulations administered by EDA as well as other Federal agencies, to ensure that they do not require duplicative reports, as they do now.

In conclusion, again thank you for allowing us to testify before your subcommittee. I think you are looking at something that is extremely important, can make a big difference in the livelihood of many, many people throughout this country, and particularly in our area of Georgia served by Congresswoman McKinney, our other Congressman Kingston, and many other folks as well. Thank you for giving us this time and opportunity here before you.

[The prepared statement of Mr. Martin can be found in the appendix.]

Chairman KANJORSKI. Thank you, Mr. Martin. Ms. McKinney.

Ms. MCKINNEY. Mayor Gresham, I am interested in the chairman and Cleo understanding the complete history of the struggle of the city of Keysville for its own survival but I know that is something that we will have to enlighten them on later. But you have demonstrated that little towns that want to, can. And Keysville is a city that could. What Federal programs have you been able to access in order to bring Keysville from literal dormancy to the vitality that it enjoys today.

Ms. GRESHAM. Well, I guess the first one was when we discovered that we had contaminated wells. We were able to get an emergency grant to get a well. We did not have enough money in that grant to put the water system in the homes. Then we set out for a needs assessment and it took about 1 year or 2 longer, but we were able to get a block grant to put in the water system.

And then just this year someone came up with a—the Environmental Protection Agency asked if we were—you know, someone—I said we do a lot of networking and somehow someone knew that we did not have enough money to put fences around our well from the block grant. There were a lot of problems, when you go into an area that never had water, they had a lot of work to do, and we did not have enough money from that grant to put up—to secure, what they call wellhead protection. Therefore, we were able to get a wellhead protection grant and we were able to secure technical help through the Savannah Regional Development Office, Mr. Tim Mums' office, they were very kind to help us get the right grants.

So we do have that grant in place right now. We are in the process of getting a fence around it.

We know that we need—the next thing we need, we know we need sewerage, we very much need sewerage because if we are to attract any kind of business, a hamburger place, anything, a laundromat, or whatever. There is a store that recently located in there, it is a family store, there were 13 children. We have a program once a year, a festival we called "Come Back to Keysville Day" trying to attract people who left to come back home. And because of that, there were 13 children, a family in Keysville, that moved to the north and they have come back home and organized a big store, grocery store. So that makes me happy. We have two stores now in Keysville. And in this big store—they have been selling their timber and doing other things because they did not want to borrow money or did not know they could. I have been saying you need to borrow the money and get everything you need, because they have a building big enough for a laundromat. That is their desire, and there is no laundromat in Keysville, people have to go to Blythe, 15 or 20 miles away, Hepzibah, for laundering their clothes. And then they were also told, because we have to be very careful about the environment, that we need, to get that type of business, we do need a sewerage system.

You know, we have engineers who come around and say we will help you get grants, but then you have got to get that local matching, that is what you have to have. That bothers us and sometimes—you know, we have been somehow able to leverage in some ways from the county, from other people, private people, because we do have a real strong organization there called Keysville Concerned Citizens. For example, the ground we are on, the land that we bought was from someone who gave us \$10,000, just sent \$10,000 to Keysville because I guess they were tired of us marching and suing everybody in the State because no one would listen to us—no one would listen to us. They would say to me "why are you so crazy about that little town when you are a retired teacher?" I said, "That is my home, that is where I came from and they are people." That is the bottom line, there are children there, people live there. And when you have people living in a place, 400 people, and I cannot be concerned about the people? And 80 percent of them look just like me. I said I do not understand. But we have had some Federal access, but we need, we really do need sewerage.

Right now we are trying to get—we are always trying, we do not ever stop working—right now we are trying—we have done a grant to try to get a program for 4-year-olds and we have to start in the bogs because they have a building, so maybe that is where we will start because it is very close, it is in the Keysville area and there is a lot of land in the bogs area that we need. Anything that is close to Keysville, close enough for us to have some access to training so that our young people can have jobs. That is what we are thinking about on our training so when businesses come in, they will be trained to participate in whatever business it is.

Mr. FIELDS. Mr. Chairman, I would just like to echo some of the things—first of all, compliment the honorable mayor for all the hard work she has done. I thought that only existed in Louisiana in terms of little small towns without running water. I represent

28 parishes in Louisiana and there are a few parishes in the delta where we do not have running water, as a matter of fact the police departments do not have police cars, fire departments do not have fire trucks. So I can communicate and I can relate to what you are going through. And it was not until I was elected to Congress when I had an opportunity to go to these small towns. I come from a fairly populated metropolitan area called Baton Rouge, about 350,000 people, but I did not know in Louisiana we had areas without running water and police departments without police cars and fire departments without fire trucks. So continue your commitment.

And I think even in this health care debate, you are going to see a lot more focus on rural areas because they have been neglected for so many years. And I think one of the reasons they have been neglected is because of major metropolitan cities like Atlanta and Baton Rouge. Our mayor in Baton Rouge has two or three people, all they do is watch the *Federal Register* and apply for grants and loans and opportunities. They have experts on staff to fill out grant applications. But when you are in a little small area like Keysville that you represent, you cannot afford to have a grant writer on staff. Many times when I call little cities, the mayor answers the telephone "Mayor's Office." I thought that was unheard of until I was elected. So I really sympathize with you and I commend you for all the work you are doing, and know that there are people in Congress who know that little towns like Keysville exist. As Cynthia said, I am going to be working with her, and we are going to be working together along with the chairman of our subcommittee to make sure those little towns are not forgotten about in the future.

Ms. GRESHAM. I am glad you said that. I must say that Macon, Georgia, kind of adopted us and gave us a police car, and the county said if they give you a police car, we will have to sign an agreement with you, a mutual agreement, and give you more police protection. So that is what happened. And we do have, because of the Green Thumb organization which hires seniors—Ms. Brown, stand up over there, that is my secretary, a Green Thumb worker.

Chairman KANJORSKI. We are under a time constraint. I have 1,000 questions for everybody here. I had the opportunity to talk with Mr. Martin over coffee so I have your perceptions and I will make note of those toward EDA. I want to compliment you on the broad economic perspective, we will take that back to Washington. The subcommittee has jurisdiction over reauthorization of EDA and we will certainly be paying very close attention to that.

Mr. MARTIN. Thank you.

Chairman KANJORSKI. In Mr. Toole, we have a visionary who has been called upon to take a very large conceptual view of what can be done into the future. I compliment you, and appreciate what you are doing. I am familiar with Cynthia's work with Butler Derrick on that. I think it is a great idea and I think you are going to succeed. To tell you the truth, you are probably going to be a model for the country.

Ms. Whitehead, we will take back to Washington your message. Ms. Whitehead and I agree with you. Turn local communities loose, and foster local leadership, and get government out of the way. There is a way to have accountability without having obstruction.

You have made that point. As a matter of fact, you tell the commissioner his speech was great, but yours was much better.

And finally, you know, Mayor, I am so glad that Cynthia suggested that you be on the panel because you really are in touch with out objectives. In every community in America, regardless of what its problems are, there are those people that have the spark to take on the challenges and provide the leadership. You received your education and assumed that responsibility. It makes me go back to Washington realizing that we do not have to set up elaborate systems to teach community leadership. We just have to get some cooperation, get some doors open, and get some information. Every one of these communities, like little Keysville, can do what you have done with that community. I am going to come back to Keysville some day because I know it is going to grow—you have shown that the spark is in the community to accomplish that, the leadership is in the community to do that. I commend you for it. You do open the eyes. Mr. Fields says that he was not as familiar with the small little towns, and I assure you, to hear your testimony to me is really an eye opener. I have already thought of some ideas to help you with your sewerage program. There is some technology to accomplish that in a very reasonable way.

This panel probably best represents the input that the Congress needs to do our job. We need to find the ways to save money from administration costs and duplication and regulation. Then we need to send it on down to the leadership at the local level to make the decisions, to make sure it is fairly done, with a future vision in mind, but without the encumbering regulations. Then that money would get into the hands of community leaders like yourselves. And if we have accomplished nothing else today, you have given me great insight as to economic development and growth in the State of Georgia and the district of my good friend here, Cynthia McKinney. And I know under her leadership in the Congress and with the community support system she has here, this area is going to be very dynamic. We are going to do everything we can to take this area into consideration as we shape the legislation that will impact the Federal programs in a very big way. This has been a great eye opener.

And, of course, I want to thank my friend, Mr. Fields, who shares the Committee of Banking with me. He has been a great contributor. And you know, he was elected the youngest senator in the United States of America, 24 years of age, in the legislature of Louisiana. And I think one of the youngest Members in the 103rd Congress. He is our baby, but we are awfully proud of him and again, he shows what leadership can be out there in America.

So thank you very much. We have another program that we are late for and we have to get to, but I thank the third panel and the subcommittee now stands adjourned.

[Whereupon, at 1:05 p.m., the hearing was adjourned.]

APPENDIX

December 15, 1993

Opening Statement of

Hon. Paul E. Kanjorski, Chairman

**SUBCOMMITTEE ON ECONOMIC GROWTH & CREDIT FORMATION
OF THE HOUSE BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE**

at the Field Hearing on

***Strategies for Economic Growth – Savannah and the
Savannah River Region***

Wednesday, December 15, 1993

Savannah, Georgia

Today, the House Subcommittee on Economic Growth and Credit Formation holds the fifth in its series of field hearings on credit availability and economic growth. Today's hearing is the first we have held in the South and I would like to thank my colleague, Congresswoman Cynthia McKinney, for inviting the Subcommittee to Savannah to hold this hearing. I also want to thank the people of the Savannah area for the warm hospitality they have shown the Subcommittee. In addition, I would like to welcome my distinguished colleague on the Banking Committee, Representative Cleo Fields, from Louisiana's 4th Congressional District. I know we all appreciate his participation today and his interest in addressing the economic development needs of Savannah and the Savannah River Region.

As most of you know, the 1992 election brought major change to Washington. In addition to changing control of the Executive Branch, the voters sent an unprecedented number of new Members to the U.S. Congress. Cynthia McKinney and Cleo Fields personify the change which has taken place in our nation's capital. As a Member first elected in 1984, I am here to tell you that this change has reinvigorated the U.S. House of Representatives.

Representative McKinney and her colleagues came to Congress with a fresh perspective, a mandate for change, and an unwillingness to put up with business as usual. I discovered very early on, that she also shared my desire to promote economic growth and job creation.

For years we have heard that American workers must retrain themselves to be more productive and competitive in the international marketplace. This is true. But few people have fully grasped the concept that retraining is not enough. There must be jobs available for workers when they are trained.

This is a reality which Congresswoman McKinney, Congressman Fields, and I understand, and that is why we come to Savannah today to hear directly from men and women on the front lines how the federal government can help areas like this create new jobs and new businesses.

Our witnesses today cover a broad spectrum of local elected and appointed officials, business leaders, and community activists. They will tell us which federal economic development programs have worked, which ones have not, how existing programs can be improved, and how we can create new programs to more effectively meet the needs of Savannah, the Martin Luther King Corridor and Area C, and the Savannah River Region.

The advice we receive today will help us advise our colleagues in Congress on the steps we can take to expand credit availability for economic growth and job creation.

Without objection, our witnesses' prepared statements will be submitted in full for the record of the hearing. After Congresswoman McKinney and Congressman Fields make their opening statements, I will ask each participant to identify themselves and then to summarize, in five minutes or less, the main points of their written statements.

**Opening Statement of
Congressman Cleo Fields
at the Field Hearing on
Strategies for Economic Growth- Savannah and
the Savannah River Region
December 15, 1993**

Mr. Chairman, I would like to thank you for convening this subcommittee hearing today and I would like to thank my colleague, Congresswoman Cynthia McKinney, for inviting me to participate in this hearing that addresses the economic needs of Savannah and the surrounding Savannah River Region.

Economic development and the like are of great concern to me and other members of the Banking Committee. As a freshman member of Congress, I have worked towards improving economic development and growth in our country. I believe our efforts in Congress this year are beginning to have an impact on the nation as we approach the new year. Our unemployment rates have decreased and many economic indicators are

pointing towards a movement out of the recession that has plagued our nation for years.

With Congress' recent support of NAFTA, we need to move forward to retrain the workforce. But with retraining comes the need to develop strategies that will keep our workforce employed. I hope to see a positive step forward in this area over the next year. As Chairman Kanjorski stated earlier, "...retraining is not enough. There must be jobs available for workers when they are trained."

Today, I look forward to hearing from each of the panels as to their successes and failures in promoting economic development in the Savannah area. It is important to realize the accomplishments and the deficiencies of all programs. This is the only way we have to measure the effectiveness of our federal, state, and private initiatives in the area of economic growth.

Your ideas and thoughts are essential to building future programs and implementing positive goals in a step toward retraining workers, increasing

the number of skilled jobs in our communities, and developing businesses in areas of this country that need assistance in providing a future for residents.

Again, I appreciate the invitation to this field hearing of the Economic Growth and Credit Formation Subcommittee hearing of the House Banking Committee.

Savannah Field Hearings
Subcommittee on Economic Growth
Strategies for Economic Development
Opening Statement
Congresswoman Cynthia McKinney
December 15, 1993

Chairman Kanjorski:

Allow me to express my appreciation and the appreciation of Savannah, Georgia and the Eleventh Congressional District for your willingness to come to Savannah to hold these hearings today.

Paul Kanjorski is one of the senior Members of Congress, and he has truly been a mentor to me. We have worked together on various projects and undoubtedly, we have just begun another such endeavor - working together, trying to make a difference. Thank you, Mr. Chairman, for your confidence in me and your willingness to stand with the people of the 11th District as you implement change in this country. I rely on his wise counsel on many tough issues facing the Congress and our nation today.

Cleo Fields is a respected fellow member of the Freshmen Class. You will see him many times in the Speaker's Chair, if you watch C-Span. I'd like to thank Cleo for coming from the border country bayous of Louisiana to the historic port city of Savannah, site for the 1996 Olympic yachting events. I am proud to count Cleo as my colleague and my friend.

Savannah and the Savannah River Region have the natural asset of the river and its port. This region has a wealth of agricultural abundance and valuable mineral deposits. Its people are hard working and many are graduates of one of several fine institutions of higher learning.

But the prosperity of the region has not been distributed evenly. Too many of our residents are unable to find jobs that will support their families and still others find that the federal programs and banks from which they ask for assistance with opening businesses have regulations that they find impossible to meet. Far too many find the doors of opportunity slammed in their faces and turn to the underground economy of crime for survival and their version of success.

That's why the survival of institutions such as the Farmers Home Administration, the Savannah Minority Business Development Center and the Small Business Assistance Corporation are so important.

The military complex that supports much of the area is subject to reductions in our forced downsizing and restructuring. In the long run, I believe the conversion to peacetime applications of our scientific knowledge will benefit our economy, but support is needed for a transition to civilian applications of the experience and knowledge our residents gained in military service.

This time of year, people express their confidence in the economy with the purchases they make for family and friends. But the roots of a strong economy require more than the season's shopping.

Our prosperity depends on the hard work of our people, the vision of our corporate leaders and the cooperation of our government leaders.

Government is an important partner in economic prosperity. From the interstate highway that brought us into town, the restored buildings that are part of Savannah's charm, to the port that allows our products to flow to markets around the world, the support and funding of the federal government is essential to our region's prosperity.

By holding these field hearings, we hope to get a sense of the ways the federal government helps economic development. As economic development programs and conversion initiatives come before Mr. Kanjorski's subcommittee and the whole House of Representatives, these hearings will enhance the process and certainly my thinking about effective strategies for economic development.

I would like to thank Chief O. Afolabi and other members of my Savannah Advisory Council for lifting up the importance of economic development.

I would like to recognize any elected officials from the region who are present with us and thank you for your support. Please stand.

Mr. Chairman, I look forward to these hearings.

TESTIFYING FOR

THE ECONOMIC GROWTH AND CREDIT FORMATION SUBCOMMITTEE
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

GOALS FOR SUSTAINABLE GROWTH: GREATER SAVANNAH

My name is Richard Knowlton. I am president and chief executive officer of the Savannah Economic Development Authority (SEDA). The Authority is responsible for attracting new investment to the Savannah area and working with existing businesses in attempts to support their expansion and continued investment in our community. The purpose of these activities is to strengthen the economy of our community and create employment opportunities for Savannahians.

In 1986, the mission and goals of the Authority were adjusted to reflect a significant change from a reactive to a very proactive approach. Currently, the Authority is considered one of the top business solicitation organizations in the United States amongst communities of our size.

Our organization is unique in two respects that I feel may be beneficial to our panel discussion. We are independently funded, creating our own operating capital funds. We invest approximately \$1 million per year to promote our community and make sure that businesses planning an investment in the southeast consider Savannah as a potential location.

We conduct a nationally recognized marketing program that creates well over 150 visits by clients to our community each year. In fact, while we work very closely with state, federal and other ally organizations, 85% of the activity of our organization is created by our own marketing efforts. Our funding and marketing activities make us both unique and quite independent. As a result, we are much more similar to private business than the typical economic development organization in cities throughout the United States of America.

SEDA has also chosen to develop properties when we have been unable to attract private investment. Perhaps our most successful venture is Crossroads Business Center, an industrial park designed for very large projects which uses environmental location criteria rather than typical arduous patterns. The park received special recognition from both environmental and governmental entities when SEDA received the only 'one of its kind' 404 environmental permits in 1991. Crossroads has often been hailed as a model for future large-scale planning and development. The Crossroads story is, in itself, a long detailed series of events. I mentioned it to point out the

persistence and tenacity of SEDA in our efforts to overcome major obstacles placed in front of those of us who attempt to help our community grow and prosper.

I would ask that you place two items on the agenda for the panel to discuss. I feel these are items which impact our ability to perform our mission. Hopefully appropriate answers might be developed either here or at a later time.

First, we find the primary problem of most of our small business clients, who are a majority of those with whom we work, is "gap financing". Savannah is fortunate to have an organization in place that can process and deal with companies including small businesses. However, we find that, with small businesses, there invariably is a gap between what monies are required and what collateral can cover. The second issue is the significant cost to communities to meet waste water disposal requirements, particularly in light of ever-increasing environmental standards and mandates. While we do not question the value of these mandates, we do question whether the entire burden for paying to meet these requirements should be placed on local communities or should the federal government bear some financial responsibility.

Thank you for the opportunity to discuss these issues of interest and concern to our organization. We hope that we may share our knowledge and experience gained through many years of attempting to help communities create new job opportunities.

Sincerely,



Richard D. Knowlton, Jr.
President



SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY

Was recently named
one of the top ten
development groups
in the United States
for 1990
by Conway Data, Inc.
and
Site Selectors Magazine.

Savannah Economic Development Authority
P.O. Box 128
Savannah, Georgia 31402
912/233-9606

MISSION & OBJECTIVES
1993 ACTION GOALS



SAVANNAH
ECONOMIC DEVELOPMENT
AUTHORITY

Crossroads
Savannah, Georgia

 OBJECTIVES

1. To identify industrial and service businesses planning an expansion or relocation and convince them to select Savannah as a business location.
2. To assure that an adequate supply of available sites and buildings exist in the community that meet the needs of our clients.
3. To be fully self-supporting, maintain a sound credit rating, and have the financial strength required to raise capital at reasonable costs.
4. To maintain a work environment that attracts and retains capable employees, encourages self-development, offers equal opportunity, fosters teamwork, and insures continuity of competent management.
5. Create a local constituency for the Authority and create community awareness of who we are, what we do and why.
6. Support the continued growth of our port and maritime industry and assure that current and appropriate requisition exists for safety in the port.
7. To support the development of community-wide planning for economic development and to encourage a working relationship among groups which impact economic development.
8. To identify issues which negatively affect SEDA's ability to attract business and expensions and promote open discussion and resolution of each issue.

▶ 1993 ACTION GOALS

1. Identification of industrial and service businesses planning expansion or relocation:
 - a. Play a role in the final decision of 10 businesses which choose Savannah as the location for their investment.
 - b. Play a role in the final decision of new and expanding businesses which create 500 new jobs in the Greater Savannah area.
 - c. Implement a new marketing plan designed to promote Crossroads Business Center and create 25 prospects.
 - d. Focus our award winning marketing effort, creating a better quality prospect.
 1. Identify 150 new firms planning an expansion or relocation.
 2. Convince 100 firms with expansion or investment plans to visit Savannah.
 - e. Contact each prospect personally in 1993.
 - f. Conduct a sales call on the 50 existing businesses most likely to consider expansion.
2. Assure adequate supply of available sites/buildings:
 - a. Finalize water and sewer agreements and help the city begin construction at Crossroads.
 - b. Finalize all financial arrangements for land acquisition at Crossroads.
 - c. Help the county complete the interchange interconnector road at Crossroads.
 - d. Help the county eliminate delays and begin construction of the Jimmy DeLoach Parkway.
 - e. Complete the mitigation plan for the 404 permit at Crossroads.
 - f. Complete clearing the open areas within each development zone at Crossroads.
 - g. Complete the site fill and authorized ground preparation plan under the nationwide permit at SPA Park.

- 3. Assure sound financial base:**
 - a. Increase commitments to the Crossroads fund drive by \$80,000.
 - b. Increase contributions to the Authority for operating costs by \$45,000.
 - c. Recognizing a deficit will occur because of Crossroads, maintain a positive cash flow for the SEDA program.
 - d. Establish and implement additional planning controls for travel.
- 4. Maintain attractive work environment for employees:**
 - a. Update job descriptions and duties for all positions.
 - b. Provide career path training for interested employees.
- 5. Create local constituency/awareness:**
 - a. Establish and implement an organized program to expand community awareness of who SEDA is and why we perform the services we do.
 - b. Conduct a Board orientation for new members.
 - c. Conduct a property review for all board members.
 - d. Conduct an orientation for elected officials of the community.
 - e. Conduct briefings for elected officials.
 - f. Conduct speeches to professional and civic organizations.
 - g. Create minority investment advisory group.
- 6. Support the port and maritime industry:**
 - a. Identify and solicit companies that import and export through the Port of Savannah.
 - b. Continue to seek a coordinated agreement between the port, industry and community interests for use of the river.
 - c. Support the continued growth and physical expansion of the river and port.
 - d. Undertake an analysis of SEDA's legal responsibilities in the river and harbor and assure compliance.

7. Support Community planning for economic development:

- a. Re-establish the Working Partners.
- b. Continue to create a regional awareness of development opportunities.
- c. Participate in the Chatham Environmental Forum.
- d. Participate in Savannah Olympic Support Committee.
- e. Create and implement an educational program that points out what is necessary to establish a complete community wide economic development program, including sections on business solicitation, community development, tourism, business development and business climate.
- f. Participate in the Mayor's Broughton Street Redevelopment Plan.
- g. Participate as a member of the Chatham Urban Transportation Study (CUTS) committee.
- h. Serve as administrator of the Development Authority of Chatham County.

8. Identify/resolve issues:

- a. Identify and represent SEDA's interests on the wetlands issue.
- b. Identify and represent SEDA's interests on the need for increased capacity for waste water disposal.
- c. Identify and represent SEDA's interest on the water availability issue.
- d. Help establish a formal effort in Savannah to solicit small business to our community.
- e. Help establish a formal business service program which provides business research, business ombudsman, issues analysis and after-location services to new and existing businesses in our area.

 **MISSION**

*To provide a complete and
professional facility location service
that meets the needs of our clients
and community.*

 **MESSAGE FROM THE CHAIRMAN**

Through the years the Savannah Economic Development Authority has experienced many changes, both in name and in mission. However, from our beginnings in the 1920s to the present day we have consistently been involved in the development of our community.

Since 1986 we have taken an aggressive, pro-active role in our business solicitation efforts. At that time, our *Mission* was set, our *Objectives* defined and each year our goals have, indeed, been action goals for the organization.

Please take a minute to read over our stated *Mission* and *Objectives* and our *Goals* for 1993. We are pledged, as an organization, to adhere to our *Mission* and *Objectives* and accomplish the goals set for 1993.

ARTHUR GIGILLIAT

Chairman of the Board
Savannah Economic Development Authority

1992 SEDA ANNUAL REPORT



SAVANNAH
ECONOMIC DEVELOPMENT
AUTHORITY

SUMMARY

1992 was, in spite of the national economy, a year of achievement for the Savannah Economic Development Authority. Goals set for 1992 were met or exceeded.

The development of Crossroads Business Center is proceeding as projected. The process to construct our interchange at Jimmy Doolittle Boulevard 136, has begun. It is scheduled for completion in 1993. Construction will underway on the interconnector road through the park. Paving of the road will begin in the summer of 1993 with completion scheduled for October of 1993. Fulfillment of the mitigation plan, which is part of the 604 permit awarded to the Authority, has begun. Thinning of the pine plantation is well underway and a center portion of each development zone has been cleared. We plan to clean and seed areas in later 1992 and 1993 to allow a landing site for helicopters and an area for auto presentations.

Final development of SPA Park is nearing completion. Under a nationwide permit, wetlands in all three phases of the park are being filled. Remaining sites in Phases 1 & 2 have been cleared, grubbed and prepared for development. Phase 3 is also being prepared for development as we anticipate the need to have additional sites available for sale.

Two sites in SPA Park were sold by the Authority this year. Site 9 was sold to Inverest, Inc. for construction of a research facility and Site 24 to H.L. Ebsford for construction of 3 spec buildings, all of which were leased before the end of the year. Options exist on sites 4, 10 and 23 at this point.

Our marketing program won local and national recognition through awards given for several of our different projects. The advertisement program generated 650 inquiries, resulting in 154 individual client visits to the Savannah area. Savannah companies chose Savannah in 1992 either as a place to expand or locate a business resulting in the creation of 817 new jobs for our community. We also located our first foreign company in Savannah in 1992.

The Authority remained active in port related projects in 1992 traveling to Russia and the Far East in support of the Georgia Port Authority's effort to locate new shipping lines in Savannah.

We leased three industrial revenue bonds in 1992 for a total of \$35,000,000. The Authority also addressed several issues that directly affected our sanitation efforts. We played a role in addressing the issues of wastewater treatment and disposal, water availability and the development of a bacterium brand.

We look forward to 1993 as we plan the marketing and sale of Crossroads Business Center. We will center our efforts on that project first. Additionally, we anticipate that we will acquire 150 new firms with expansion or relocation sites and commence 1000 to them to sell Savannah. We plan to visit each of our current prospects personally and will also sell 50 existing businesses most likely to expand. We hope to assist 10 businesses in choosing Savannah as the location for their expansion or relocation. We hope that the action will lead to the creation of 500 new jobs for our community.



CHAIRMAN'S MESSAGE

The two years I have served as your chairman have been an enlightening and rewarding time for me.

As citizens of Seabrook we often have the opportunity to participate in a variety of organizations, but few chances to make a lasting difference.

Many organizations impact individuals or specific segments of the community. I have been privileged through my work with the Development Authority to have participated in two projects that can have a positive impact on the entire community.

Creating new jobs and wealth and helping additional opportunities of all types for our citizens can help bring change. The success of just these two projects has the potential to address many of our community's economic, educational, and socially well for the next century.

Coastwise Business Center is designed to attract larger employers. This business park will create thousands of jobs over the next few years for the citizens of the area. I believe that by offering this unique park to companies looking to relocate or expand, we are truly helping to shape the economic future of this area.

I want to recognize and thank Hugh Tracy, our previous board chairman, who helped structure our Coastwise land arrangement. Our new chairman will have the ultimate challenge: the balancing of the risk/reward effort for the park. I want you all the success possible not only in behalf of our town but also in behalf of all the citizens of Seabrook.

Historian teams were brought back into the spotlight through efforts by the Development Authority to have all interested parties get together and share to learn. As a result, 24 acres of land on the island have been donated for a trade center and \$30,000.00 in seed money for start-up of a marketing and sales effort. When this project is completed, it is estimated that we'll provide thousands of new jobs for our community as well.

It is exciting about the last few years the most significant points would probably be the awarding of the 401 permit for Coastwise Business Center by the U.S. Corps of Engineers. The permit application, held in Washington D.C. in August of '91 was an exciting event and focused the nation's attention on Seabrook.

We brought the modern version of the island up back to Seabrook when Carter located here. We have expanded our international base and expanded our economic base. Seabrook is a great place to live and work. We have a great location, a great climate, and a great community.

Seabrook's future is bright. The Seabrook development project is a great example of what can be done with the right location, community, and leadership. We can't hope to compete with other areas, but we can make our own unique contribution. We can't hope to compete with other areas, but we can make our own unique contribution. We can't hope to compete with other areas, but we can make our own unique contribution.

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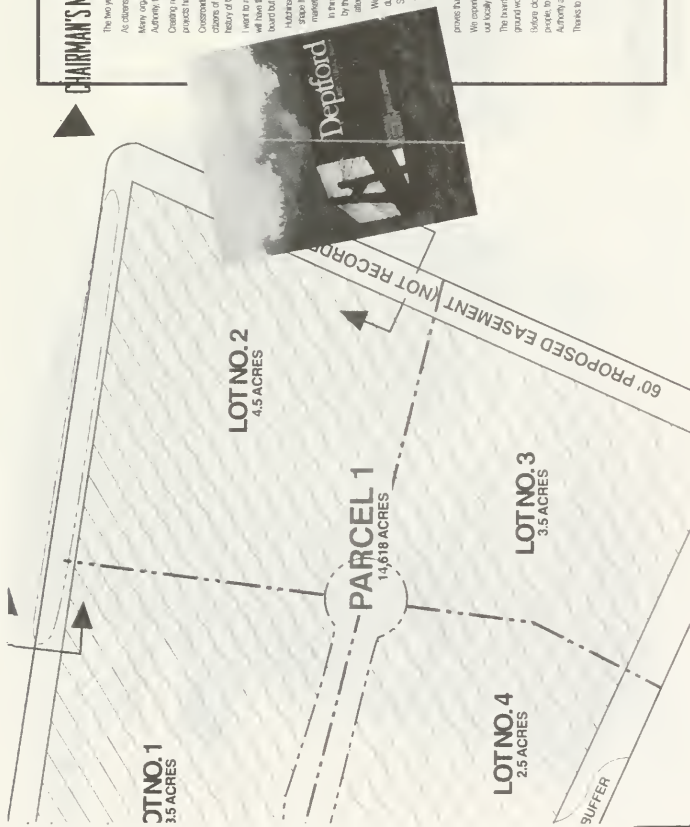
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John E. Cary III
Chairman

Chairman of the Board, Seabrook Economic Development Authority



CHAIRMAN-ELECT'S MESSAGE

As we enter 1993 we are embarking on a new set of challenges. We are facing a changing world and a changing economy. The Development Authority must help guide our community through these new and difficult times. We have looked ahead and have formulated plans that we believe will help lead us into the 21st century.

Our primary focus is to ensure that our community has the infrastructure for Crossroads and make each development site accessible to our potential clients. We must create and implement a strong marketing program that generates prospects for the park. Though difficult, seeking funds for Crossroads Business Center must be our focus as we move forward. As has been said many times, the park represents the economic future of the Savannah area and therefore deserves our time, our efforts and the entire community's commitment.

While we focus on Crossroads, we must also strive to maintain our award winning marketing program in order to maintain our community's economy and job base.

We must learn to say "no" to demands on our time and resources. Although we are small in size, we will take on even more responsibility in the coming years. Time is precious and important and we must be prudent in the way we spend our time each week.

We must learn to think regionally, expanding our horizons as we seek to broaden our base of operations. We must extend the relationship that exists between Effingham County and the Authority to include Byron and Liberty counties and any other counties within the area that could benefit from such a relationship.

The recent successful, four county Coastal Churches event which included Effingham, Byron and Liberty counties along with Chatham, proved that our marketing committee is an asset to everyone just as the available buildings and sites in neighboring counties are to our effort. The success of this three day event can serve as a model of how we can, through cooperation effort, focus attention on the entire region's opportunities.

Spreadsheets will benefit from any businesses that locate within the region as does the region as a whole. Working together, we can be stronger and more effective than we could ever be working alone.

In that same manner of cooperation, I will continue to be accessible to the Workday Partners as a means of learning from the success of other Development Authorities. We can learn and share the plans of responsibility and accountability to raise the bar within the community and accept fair rates as they relate to the economic development future of Savannah.

We look forward to the challenges we face in the coming years with a great deal of excitement. Savannah and the surrounding area have a lot to offer. We must make sure that those businesses looking to relocate or expand do so here and consider our community as they make their choices for the 21st century.

William Aguilait



Chairman-Elect, Savannah Economic Development Authority



SEDA has been very active in ensuring that the issue of water availability is addressed by our community. As you know, there are very strict limitations on the withdrawal of ground water from our aquifer that require greater allocation of the RCU treatment plant. An available way to expand the plant must be found in 1993.

We feel that the success of Madison's bid was resulting, in part, from our ability to take and develop. By bringing together the property owners, city and county government officials, as well as other elements of the business community interested in Madison's bid, we caused specific action to be taken.

The results of our marketing program in 1992, as I mentioned before, have been outstanding. 154 individual calls by individuals or companies in Savannah, more than 13 in months on the average.

Our marketing program again was a number of local and national awards, a 1992 Gold Adby for the Savannah book. The American Economic Development Council presented the Authority with four awards, including Superior to the Savannah board.

Our sufficient pieces have been updated. The brochures in our site Selector's Manual are current, our slide show has been changed and is being put together with a new look for 1993.

In 1992 we had a total of 690 inquiries from our advertising program. We currently maintain within our database 11 clients that we consider to be "high high" prospects in the sense that something should happen within the next few months on each of them.

We have 138 prospects, firms with specific needs and criteria, and to the best of our knowledge the means to carry out their expansion or relocation plans. Our prospects come from many sources: 83% from the various aspects of our own marketing program, 23% from COTSA and other city agencies. Additionally, we now are tracking 400 companies that have either expressed interest in Savannah or that we feel we would like to have located in our community.

We had the good fortune to have worked with hundreds of companies this year, providing assistance either for expansion, general consultation, or becoming an advocate on their behalf. Swirls of these companies announced projects within our community. I would divide them into three categories: 1) Small projects, which employ up to 25 people; have investments that range from \$50,000 to \$2 million, and now and come from outside Savannah; 2) Expansion investments ranging from \$1 million to \$10 million and are expansions of existing Savannah businesses; and, 3) Division of existing water-related facilities, significant investment ranging from \$2 to \$12 million and employment from 15 to 200.

Finally, two existing transportation-related businesses just announced major projects that could mean hundreds of new jobs and multi-million dollar investments. Details of both the Galloway and Great Dane expansions should be forthcoming in 1993.

Dick Knack
BOARD MEMBER

President, Savannah Economic Development Authority

PRESIDENT'S MESSAGE

As I reviewed all of the activity reports, client reports and our various advertising analyses, it is interesting to note what happened the past year. For example, we went from zero backing to 150 companies selling our community, more than at any time in the past. In fact, compared to other communities of our size, I'm sure it is equal to, or greater than, any other community and that your Authority again deserved to be among the top 10 members in the country.

Working down our goals for '92, I'm proud to report that we accomplished or exceeded each, well over expectations. In our finance sector, I thought better than I thought, we will conduct our fundraising events in a different format as we go forward. We contacted our sponsors well, our income did not meet our goals.

The processing of paperwork and governmental studies to construct the interchange with I-95 and Jimmy Doolittle Boulevard has begun. The interchange will be complete 36 months from now.

The problems with the interchange at Route 21 have been resolved in the sense that the County is moving forward. Design is currently underway and within the next 30-36 months the related interchange at Route 21 will be complete.

The interconnection road between the two interchanges, the new interchange at the Airport, and our interchange at Jimmy Doolittle Boulevard is well advanced. The design for the off road road will be complete in June. The paving of the road will begin in July and be complete in October 1993. It will provide the status we need to our plan at Oostana.

The mitigation plan has begun and is well underway. Clearing of the center portions of each development zone has occurred. We will begin "trim work" this month.

SVA Industrial Park looks a great deal different than it did six months ago. The areas of wetland in the park are currently being filled under a reclamation permit, individual sites in Phase 1 and 2 are being cleared and drained, grubbed and prepared for development. Phase III will be completely filled and prepared for development by April 1993.

Options filed on all of the Authority's properties on Madison Street, options filed on sites 23, 24 and 16 at the SPA Park. Our two-acre site on the north side of State Avenue and I-16 is now under option.

Site 9 at the SPA Park was sold to Inverval for expansion of a research facility, site 24 at the SPA Park was sold to Standard Industries as a location for construction of space warehouse facilities.

We participated in three or issues of Industrial Business Bonds in 1992: Union Camp, Harshey, and Inverval, totaling \$35,000,000.

SEDA was very active in port-related projects in 1992. We participated in trips to Boston and a trip to the Far East this year. We worked with Georgia Ports Authority's efforts to locate new shipping lines in Savannah. We supported the harbor widening and removal of the old bridge.

The Authority was directly involved in a number of issues which had the potential to affect our success. We are, as you know, very strong advocates of it in materials and just relations, or well, it is not a wetland. We had had our actions and research played a role in the requirement by the National government of its distribution last year.

The Authority brought representatives together from throughout the community to address the wetland problem of wastewater treatment and disposal. We played a major role in developing the required management plan through our research of the Times 1 and facility as a condition of our support for the construction of alternative disposal units, including wetland treatment and direct ocean discharge bypassing the pier.

INDEPENDENT AUDITOR'S REPORT

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY
SAVANNAH, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1992

TO THE OFFICERS AND MEMBERS

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY
SAVANNAH, GEORGIA

I have audited the accompanying balance sheets of Savannah Economic Development Authority as of December 31, 1992 and 1991, and the related statements of income and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of Savannah Economic Development Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable assurance for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Savannah Economic Development Authority as of December 31, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

G. Philip Morgan, III

G. Philip Morgan, III
Certified Public Accountant
March 12, 1993

FINANCIAL STATEMENTS

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY

BALANCE SHEET
DECEMBER 31, 1992 AND 1991

	1992	1991
ASSETS		
Current assets:		
Cash on hand and in banks	\$250,786	\$366,675
Money fund	119,004	184,321
Investments (Note 2)	2,750,180	3,053,082
Accounts receivable	5,075	1,000
Accounts interest and dividend income	7,072	21,548
Total current assets	<u>3,166,308</u>	<u>3,698,248</u>
Property and Equipment (Note 3)	2,774,235	5,506,344
Other assets:		
Notes receivable	66,032	—
Deposit	2,000	2,000
Total other assets	<u>97,032</u>	<u>2,000</u>
	<u>\$5,987,575</u>	<u>\$9,207,592</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable	\$78,604	\$59,668
Voluntary payment in lieu of taxes (Note 1)	227,657	336,267
Current portion of long term debt	0	208,527
Bonds in contracts	10,000	10,000
Total current liabilities	<u>316,461</u>	<u>620,462</u>
Long-term debt (Note 4)	0	2,000,142
Fund balance	5,671,114	6,586,988
Contingent Liabilities		
Contingency (Note 5)	<u>\$5,987,575</u>	<u>\$9,207,592</u>

The accompanying notes are an integral part of the financial statements.

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF INCOME AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1992, AND 1991

	1992	1991
REVENUES		
Administrative fees	\$20,183	\$23,771
Contributions - subgrants	11,275	11,275
Gifts (less than property sales)	6,250	6,250
Interest income	10,146	488,765
Net income from property sales (Net of \$100,000)	134,276	159,932
Dividend income	31,696	50,543
Rental income	356,813	27,250
Other income	3,529	3,290
	<u>336,859</u>	<u>1,206,106</u>

EXPENSES		
Advertising	29,145	44,489
Automobiles	9,790	13,501
Consulting service	80,226	135,930
Contributions	6,750	6,750
Depreciation	2,382	114,250
Insurance	80,576	88,709
Interest expense	113,300	44,292
Office supplies and expense	10,249	10,249
Printing	24,174	29,429
Payroll taxes	27,039	27,039
Pension plan contribution	35,345	46,826
Post and travel development	13,250	77,913
Professional and consultant fees	29,386	36,897
Public and media relations	45,449	34,127
Rent	77,623	69,399
Salaries	347,713	364,414
Supplies	42,663	64,235
Taxes	71,733	25,000
Sales expense	6,462	17,642
Special events	17,260	20,029
Telephone	1,252,833	1,425,278
	<u>(918,847)</u>	<u>(719,127)</u>
Excess revenues (expenses)		
Fund balance - beginning	6,366,985	6,086,110
Fund balance - ending	<u>\$5,871,114</u>	<u>\$5,366,988</u>

The accompanying notes are an integral part of the financial statements.

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1992 AND 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (less)	(\$91,537)*	\$218,122
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	84,183	114,290
Gain (less) from property sales	382,465	(89,000)
Provision for doubtful accounts	101,146	(488,165)
Accounts receivable	14,479	197,963
Accrued interest and dividend income	986	13,654
Multi receivable	(65,032)	
Income (loss) from real estate	18,026	(12,239)
Voluntary payment in lieu of taxes	(108,419)	(23,649)
Write-off on contract	(6,000)	15,000
	<u>(614,124)</u>	<u>(441,368)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

	1992	1991
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(106,368)	(2,104,246)
Proceeds from sale of property and equipment	2,171,850	64,000
Proceeds from sale of investments	2,038,035	(89,125)
Proceeds from sale of other assets	2,038,035	2,208,171
Net Cash Provided by Investing Activities	<u>2,641,817</u>	<u>(794,987)</u>

	1992	1991
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings:		
Long term	45,719	1,454,261
Short term		237,080
Debt refund		64,429
Other	(2,754,368)	(41,429)
Short term		<u>(237,080)</u>
	<u>(2,282,699)</u>	<u>1,412,819</u>

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

Net Decrease in Cash And Cash Equivalents	(181,170)	175,864
Cash And Cash Equivalents At Beginning Of Year	550,996	375,132
Cash And Cash Equivalents At End Of Year	<u>\$369,826</u>	<u>\$550,996</u>
Interest expense	<u>\$113,300</u>	<u>\$44,292</u>

The accompanying notes are an integral part of the financial statements.

SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992 AND 1991

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by the Savannah Economic Development Authority (the Authority) and the methods of applying these principles which materially affect the determination of financial position, changes in financial position and results of operations are summarized as follows:

NATURE OF THE ORGANIZATION - The Authority is an organization located in Savannah, Georgia created by the constitution of the State of Georgia. Primary functions of the Authority include the issuance of income tax exempt industrial revenue obligations, business solicitation and property development in the Chatham County, Georgia area. During 1989, the Authority's name was changed from Savannah Port Authority to Savannah Economic Development Authority.

DEPRECIATION AND AMORTIZATION - Provisions for depreciation and amortization is made by charges to income at rates based upon the straight line method. Estimated useful lives are twenty (20) to fifty (50) years for buildings and improvements, ten (5) to ten (10) years for furniture, fixtures and equipment, ten (10) years for leasehold improvements and three (3) to five (5) years for automobiles.

PENSION PLAN - The Authority has a noncontributory defined contribution pension plan for all employees over age 21 and under age 65, with three months service as of each 8/1 or 12/31 and 1,000 hours of work per year. Annually, the insurance company determines the amount of contributions based upon each participant's salary. Pension plan expenses for 1991 and 1992 is \$46,603 and \$35,345, respectively.

INCOME TAXES - The Authority is tax exempt under Section 115 of the Internal Revenue Code.

BAD DEBITS - Bad debts are accounted for under the allowance method.

VOLUNTARY PAYMENT IN LIEU OF TAXES - The Authority customarily collects real property taxes relating to certain prior revenue bond issues and remits those monies to the City of Savannah, Georgia and Chatham County, Georgia subsequent to year end.

CASH EQUIVALENTS AND INVESTMENTS - Cash equivalents include certificates of deposit with original maturities of 90 days or less and money funds. Certificates of deposit and other securities with original maturities over 90 days are classified as investments. Cash equivalents and investments are stated at the market value. At December 31, 1991 and 1992, cash equivalents amounted to \$550,796 and \$489,820, respectively.

NOTE 2 - INVESTMENTS

Investments are presented in the financial statements at fair market value. They are composed of the following:

	Cost	FMV
Common stocks	\$ 1,277,179	1,387,697
Bonds	1,201,266	1,386,713
	<u>\$2,528,447</u>	<u>\$2,745,790</u>

The following tabulation summarizes the relationship between carrying values and market values of investments. Cost is determined as a first in, first out basis.

	Cost	Market Value	Excess of Market Value
Balance at end of year	\$ 2,528,447	\$ 2,756,780	228,330
Balance at beginning of year	\$ 516,003	\$ 1,050,082	577,019
Increase in unrealized appreciation		646,689	646,689
Realized net gain for year - proceeds less cost		338,643	338,643
Total net loss for year		\$ 10,146	

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and consists of the following:

Land and improvements	\$ 2,760,744
Buildings and improvements	932,486
Automobiles	78,031
Furniture and fixtures	388,530
Leasehold improvements	117,798
	<u>3,727,589</u>
Less accumulated depreciation and amortization	1,003,354
Net property and equipment	<u>\$ 2,724,235</u>

DESSAURS BUSINESS CENTER/ROULEY ROAD PROJECT

Land and improvements include the Authority's take expenditures of \$364,342 for the DeSsaurs business Center/Cooley Road Project. On July 18, 1989, the Authority entered into an agreement with the Georgia Department of Transportation (the Department) whereby the Authority transferred to the Department an interest in an agreement entered into by Vogen Builders Property, which has a carrying value of \$4,236. The agreement gives the Department the right and privilege to take over all or part of the site and to use such space and materials for a

period of ten years. In return, the Department agrees to diligently pursue with the Federal Highway Administration a request for an access route to allow construction of an interchange at Godby Road and Interstate 95. The Authority agrees to convey fee simple title of the property to the Department upon completion of the interchange. The Department agrees to pay the Authority \$100,000 for the right-of-way for the access route. The Department also agrees to pay the Authority \$100,000 for the right-of-way for the access route. The Department also agrees to pay the Authority \$100,000 for the right-of-way for the access route. The Department also agrees to pay the Authority \$100,000 for the right-of-way for the access route.

HITCHKIN ISLAND

On January 25, 1991, the Authority granted a 36 month loan to Union Camp Realty Corp. for their purchase of approximately 141 acres of land located on Hitchkin Island. The loan amount was \$1,111,111. The loan was repaid on 11/17/95. The total sale price of \$2,664,835, as of 12/6/90, related to the Consumer Price Index, payable in cash. Union Camp Realty Corp. can purchase all or part of the above tracts. Union Camp Realty Corp. was also granted right of first refusal on any other Hitchkin Island lands of the Authority (not including Kings Island).

NOTE 4 - LONG TERM DEBT

Note payable to Nations Bank in monthly principal installments of \$2574 beginning 1/1/89 increasing to \$11,111 by the last month of the year 6/1/91. Also beginning 1/1/89, the Authority has a note payable to Nations Bank in monthly principal installments of \$1,111,111. The note was repaid on 11/17/95. The total sale price of \$2,664,835, as of 12/6/90, related to the Consumer Price Index, payable in cash. Union Camp Realty Corp. can purchase all or part of the above tracts. Union Camp Realty Corp. was also granted right of first refusal on any other Hitchkin Island lands of the Authority (not including Kings Island).

Note payable to Nations Bank, dated 5/2/91. Interest only payable monthly at 10.25% until 5/1/92, and monthly payments of \$6,011 of principal and interest at 10.25% from 6/1/92 to 5/1/97. Then payments of principal and interest recalculated on a five year amortization beginning 6/1/97, secured by real property with a carrying value of \$2,681,119.

Note payable to Nations Bank, dated 5/2/91. Interest only payable monthly at 10.25% until 5/1/92, and monthly payments of \$4,274 from 6/1/92 to 4/1/97, and a final payment of the carrying balance on 5/1/97, secured by real property with a carrying value of \$2,681,119.

Note payable to Nations Bank, dated 5/2/91. Interest only payable monthly at 10.25% until 5/1/92, and monthly payments of \$7,777 from 6/1/92 to 4/1/95, and a final payment of the carrying balance on 5/1/95, secured by real property with a carrying value of \$2,681,119.

Less current portion of long-term debt

700,000
2,006,699
208,527

\$2,000,142

NOTE 5 - COMMITMENT

The following is a schedule by year of minimum future rental payments under an operating lease as follows:

Year ending December 31:

1993 \$67,080
1994 67,080
1995 16,770

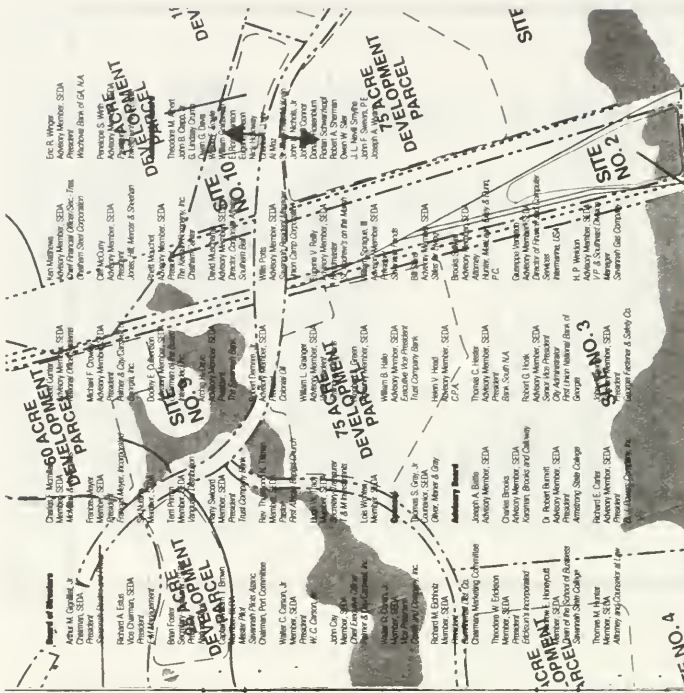
Total future lease payments \$150,930

The foregoing information is in regard to an operating lease made December 23, 1988, by and between Duval Federal Savings and Loan Association and the Authority. The lease is for a term of 36 months, commencing on 12/23/88. The lease period will be extended for 36 months, commencing on 12/23/91. The Authority has the option to extend the lease for an additional 36 months, commencing on 12/23/94. The lease is for the use of the building as a warehouse for the storage of materials. The lease is subject to the terms and conditions of the lease agreement and the lease is subject to the terms and conditions of the lease agreement.

NOTE 6 - CONTINGENCY

During 1991, the Authority retained the services of legal counsel and an environmental engineering firm to conduct an environmental evaluation of "Phase 1B" of the Hitchkin Island property owned by the Authority. "Phase 1B" consists of approximately 40 acres. The Authority has secured the land as a parcel. In order to determine if the Authority is interested in possible sale of the property an independent appraisal was obtained. The appraisal was completed on 11/17/95. The appraisal was completed on 11/17/95. The appraisal was completed on 11/17/95.

The environmental engineering firm, under supervision of legal counsel, is in possession of soil test results and has completed the site investigation and soil test results. The Authority has received the results of the site investigation and soil test results. The Authority has received the results of the site investigation and soil test results. The Authority has received the results of the site investigation and soil test results.



necessary, remediation of the contamination located upon the property. Management anticipates that the Authority will not be held responsible for the generation or remediation of the contamination.

NOTE 7 - INCOME TAX EXEMPT INDUSTRIAL REVENUE OBLIGATIONS

A fraction of the issuance of bonds for the exempt industrial revenue obligations issued under the "leasehold" theory is secured by the proceeds of the sale of the bonds. The proceeds of the sale of the bonds is not pooled. A "leasehold" theory is used because the bond sales on its face that the bonds are limited obligations of the issuer and that they are payable "out of the proceeds of the Project." Purchases of such bonds then do not incur any obligation of the Authority or its employees in the event of default. The bonds are the primary obligation of the borrower on whose behalf the bonds are issued. Consequently, they are not reflected on the books of the Authority.

The following projects were closed in 1992 using the method:

Urban Camp Corporation	\$21,640,000
Swarwell Cocon	\$5,500,000
Hendry Foods Corporation	\$5,500,000

75 ACRE DEVELOPMENT

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SBL

Savannah Business League
Roy L. Jackson, President

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December 15, 1993

ECONOMIC GROWTH AND CREDIT FORMATION SUBCOMMITTEE
Committee Of Banking, Finance and Urban Affairs
Hon. Cynthia McKinney, Member of Congress, 11th District of Georgia

Subject: Field Hearing On Strategies For Economic Growth -
Savannah And The Savannah River Region

First, let me thank Congresswoman Cynthia McKinney for arranging this most important hearing. Her foresight and concern for this region of the state is very much appreciated. Secondly, I wish to thank the Chairman, Congressman Paul Kanjorski and the committee members for their participation. Thirdly, let me say up front, how much I appreciate being invited to represent the views of the Savannah Business League and Small Businesses at this hearing. My assigned subject being Goal's For Sustainable Growth: Greater Savannah.

Very often when this subject is addressed, most planners will focus on the plight of your major businesses. And not address the economic plight of small businesses and in particular minority businesses. First, there is evidence to show that economic conditions in a community do not have the same effect on small and or minority businesses as it does major businesses. i.e. If conditions are good, they are better for larger businesses and if they are bad, then things are worse for the smaller and minority businesses. Therefore, in my opinion any form of economic planning and/or strategy development for economic growth must be one that will address each category of business.

1. Sustainable Growth - Broader Community - The greater Savannah Area economic base is made up of varied types of industry, (i.e. government, the port, manufacturing, the military and other commercial business entities. To sustain growth we must protect and enhance the well being of each.

- A. *The Port Of Savannah must remain competitive with other ports. It must operate efficiently and cost effective. Federal funds must be provided for the deepening, widening and removing of all obstructions that will interfere with commerce moving in and out of Savannah via the Savannah River.*
 - B. *Costly Federal Regulations should be eliminated and the cost of these regulations should be shared by government.*
 - C. *Environmental concerns are a priority item for business leadership as well as the community at large. Differences between the two bodies usually occur over the cost to have a safe community. Government must assume some of the responsibility as well as some of the cost of achieving a safe community.*
 - D. *The administration must continue to open up international markets and at the same time "level the playing field" so that America's Businesses will have a fair shot at competing with foreign competition. It should establish policies that will reduce the trade deficit with countries like Japan.*
 - E. *The Federal Government should come up with a system to make economics opportunities available to all communities. This could be achieved by allowing each community to compete for commercial space needed by the government and provide information on all private commercial opportunities made available through federal contracts.*
 - F. *Expand the use for the two military bases located in the Greater Savannah Area.*
 - G. *Education: Continue improvement and support for our public education system is a must. Educational opportunities on all levels must be available to those who wish to pursue an education.*
2. *Sustainable Growth - Minority and Small Business*
- A. *Redefine Minority Business. Given the advantage that a majority female has over most other minorities and the fact that other minority group populations are eroding the efforts to bring African-American businesses into the main stream. African-American businesses should be excluded from the present definition and placed into an exclusive definition.*
 - B. *A new executive order on minority and small business participation should be adopted, setting goals and*

objectives for all federal agencies, departments and organizations receiving federal funds.

- C. *The Federal Government's 8A Contracting Program should be strengthened and expanded.*
- D. *A Federal Incentive Program should be set up to encourage mentoring and partnerships between major corporations and minority businesses or business persons. The purpose of such a program would be to encourage major corporations to sell off viable business opportunities and to enter into partnership spin-off business opportunities.*
- E. *A capital loan fund should be established that can invest \$100,000 to \$500,000 dollars into minority and small business ventures in conjunction with other lending institutions. This fund should be structured so as to attract investments from outside individuals and institutions.*
- F. *The President's enterprize zones concept should be developed and adopted. Specific areas of urban blight should be designated Enterprize Zones and funding and business incentives for investments in the zones should be made available. Funding and incentives should also be available to existing businesses in the zones.*

A Statement On
"Goals for Sustainable Growth: Greater Savannah"

by

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and
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Georgia General Assembly

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before

The Honorable Cynthia McKinney
U.S. Congress, 11th District of Georgia
and
Honorable Paul E. Kanjorski, Chairman
and members of the
U.S. House of Representatives
Subcommittee on Economic Growth and Credit Formation
of the Committee on Banking, Finance and Urban Affairs

Savannah City Council Chambers
City Hall
December 15, 1993



House of Representatives

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December 15, 1993

STANDING
 COMMITTEES:

BANKS & BANKING
 INSURANCE
 STATE INSTITUTIONS &
 PROPERTY

To: The Honorable Cynthia McKinney, Chairman Kanjorski and
 Members of the Committee, Panelists, Ladies and
 Gentlemen:

First, please allow me to thank Rep. McKinney and Chairman Kanjorski for making this congressional field hearing possible for the people of our region. It is my prayer that much good will come out of the investment made by all parties to this effort.

In preparing for this hearing, I was reminded of the 1980 White House Conference on Small Business among other such similar dialogues, where as an elected Georgia Delegate, I deliberated in Washington, D.C., with a few other thousand of my fellow small business owners, attempting to prioritize the key issues facing Small Business: The Backbone of our Nation's Economy.

The dire need for capital formation, management and technical training and assistance, paperwork reduction and a host of other needs and concerns surfaced and were laid before our national leaders. I am proud to say that I believe that much progress has been made over the last decade, but certainly, there continues to remain great challenges that face us as we move toward the 21st Century.

In conjunction with the Greater Savannah Black Tourism Network and the Coastal Empire Area Business League, may I offer for your consideration three local area concerns which may assist you in charting your future strategies and initiatives for further development and economic growth in this region:

I. PARTICIPATION IN CONTRACTS

The passage of the June 1993 referendum assures that there will be, close to \$150 million dollars spent on community improvement projects over the next few years. These projects are a reality. Now is the time to set in motion a commitment to allow all segments of the community an opportunity to participate in the business generated by these developments. The contracting for these projects will be done by the Chatham County. An approach to awarding these contracts is needed which will allow all segments of the Savannah Community to participate. The purchasing model which was used on the Detention Center has been widely praised for minority participation. A commitment by the Chatham County Commission to follow the same purchasing model as used by the Detention Center project will result in the largest number of minority contracts awarded in the history of this community.

II. BUSINESS OWNERSHIP DEVELOPMENT

As we move forward to strengthen the economic base of the Savannah - Chatham County Area, attention must be given to the need to increase the number of minorities owning and operating business enterprises. Through ownership of businesses minorities will be able to participate in the free enterprise system, generating jobs to help reduce the high unemployment rate that plagues progress, not only in minority communities, but the community as a whole.

Leaders are needed to assist in creating a positive environment of support for the development of minority-owned businesses. Loans and other support will do much to insure that minorities have the opportunity to succeed in business.

The Tourism and Hospitality Industry, as others, will offer a variety of opportunities for minority entrepreneurs.

III. JOBS: HOSPITALITY AND TOURISM INDUSTRY EDUCATION/ ON THE JOB TRAINING

The Hospitality and Tourism Industry is a growing Savannah industry which will provide many new jobs - some of them lower paid service jobs and some higher paid professional, technical and managerial jobs. The Savannah community, the Chamber of Commerce, Convention & Visitors Bureau, and the Hospitality Industry must join with the new Hospitality Management Programs at Savannah State College and South College. Among the actions which should be seriously considered are:

- Significant State funding for the Hospitality and Tourism Management Program at Savannah State.
- Managerial courses in all aspects of the hospitality industry should be supported as a legislative priority.
- A scholarship in Hospitality Management awarded to a minority and funded by the Savannah Hospitality Association.
- Programs at Savannah Technical Institute and South College should be supported.
- Paid internships in major hotels for students in the Hospitality Management Programs.
- A cooperative effort between the hospitality education programs and the Savannah Hospitality Industry similar to the Savannah Compact.

TESTIMONY OF HELEN V. HEAD, CPA, CHAIRMAN
SAVANNAH AREA CHAMBER OF COMMERCE

HEARING ON "STRATEGIES FOR ECONOMIC GROWTH - SAVANNAH AND THE
SAVANNAH RIVER REGION"
WEDNESDAY, DECEMBER 15, 1993, FROM 9:00 A.M. TO 1:00 P.M.
SAVANNAH CITY COUNCIL CHAMBERS

SUBCOMMITTEE ON ECONOMIC GROWTH & CREDIT FORMATION
COMMITTEE ON BANKING, FINANCE & URBAN AFFAIRS
PAUL E. KANJORSKI, CHAIRMAN
MIKE RADWAY, DEPUTY STAFF DIRECTOR

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THANK YOU FOR THIS OPPORTUNITY TO SPEAK ABOUT THE IMPORTANT
SUBJECT OF ECONOMIC GROWTH IN THIS REGION.

I HAVE THE HONOR TO BE CHAIRMAN OF THE SAVANNAH AREA CHAMBER OF
COMMERCE, AND THE FIRST WOMAN ELECTED TO THAT LEADERSHIP
POSITION SINCE ITS FOUNDING IN 1807. I CONSIDER MYSELF TO BE A
STRONG ADVOCATE FOR THE DEVELOPMENT OF SMALL BUSINESSES,
PARTICULARLY THOSE OWNED BY WOMEN AND OTHER MINORITIES.

YOU MAY NOT EXPECT A 186 YEAR OLD CHAMBER OF COMMERCE TO BE
EITHER PROGRESSIVE OR PRO-ACTIVE. YOU WOULD BE WRONG ABOUT
SAVANNAH. OUR CHAMBER IS THE ONLY ECONOMIC DEVELOPMENT
ORGANIZATION IN THIS REGION THAT IS SUPPORTED BY THE VOLUNTARY
CONTRIBUTIONS OF 1700 BUSINESSES. 88% OF OUR MEMBERS HAVE LESS
THAN 50 EMPLOYEES. IMAGINE THOSE 1500 NO NONSENSE SMALL
BUSINESS OWNERS DECIDING EVERY YEAR TO WRITE A CHECK FOR
ECONOMIC DEVELOPMENT AND YOU WILL UNDERSTAND JUST HOW PASSIONATE
WE ARE ABOUT SERVING THEIR NEEDS .

IF YOU LOOK AT THE CHAMBER'S PRIORITIES IN THE REAL TERMS OF
STAFF AND BUDGET ALLOCATION, IT IS CLEAR THAT NUMBER ONE IS
IMPROVING PUBLIC EDUCATION. MORE GERMANE TO THIS SUBCOMMITTEE'S
INTERESTS IS PRIORITY NUMBER TWO -- BUSINESS DEVELOPMENT. WE
HAVE BEEN INSTRUMENTAL IN THE SUCCESSFUL COMPETITION FOR THE
OLYMPICS, IN THE PASSAGE OF REFERENDUM FOR ROAD AND SCHOOL
IMPROVEMENTS, IN THE CREATION OF THE SMALL BUSINESS ASSISTANCE
CORPORATION, AND IN DOWNTOWN DEVELOPMENT. FOR FIVE YEARS WE
ENTIRELY SUPPORTED THE SAVANNAH REGIONAL MINORITY PURCHASING
COUNCIL. WE HAVE CONTRACTED FOR ORIGINAL RESEARCH IN
GOVERNMENTAL CONSOLIDATION, THE ENVIRONMENTAL HEALTH OF OUR
RIVER ENVIRONMENT, AND LONG RANGE COMMUNITY PLANNING. OUR
CURRENT MAJOR PROJECT IS PLANNING AND FUNDING FOR AN
INTERNATIONAL TRADE CENTER FOR OUR PORT AND HOSPITALITY

ECONOMIC GROWTH & CREDIT FORMATION - TESTIMONY, PAGE: 2

INDUSTRIES. ALL THESE TASKS HAVE BEEN UNDERTAKEN IN THE SERVICE OF IMPROVING THE CLIMATE FOR BUSINESS DEVELOPMENT.

IN VIEW OF OUR CONSTITUENCY OF SMALL BUSINESS AND OUR EXPERIENCE IN ECONOMIC DEVELOPMENT, THE CHAMBER OFFERS THESE RECOMMENDATIONS TO FEDERAL POLICY MAKERS:

TRADE CENTER FUNDING: THE GEORGIA MARITIME & INTERNATIONAL TRADE CENTER WILL OPEN THE DOOR FOR SAVANNAH INTO A MORE PROFITABLE SECTOR OF THE MEETING AND CONVENTION INDUSTRY. ITS ECONOMIC IMPACT WILL BE 1,950 NEW JOBS AND \$120 MILLION ANNUAL REVENUE. STATE AND LOCAL FUNDING HAS BEEN COMMITTED FOR 75% OF THIS \$75 MILLION PROJECT. THE REMAINING \$19 MILLION OF FUNDING WOULD BE AN APPROPRIATE FEDERAL ECONOMIC DEVELOPMENT INITIATIVE GIVEN THE JOB CREATION IMPACT AND THE MINORITY BUSINESS AND JOB PLAN THAT WILL BE IMPLEMENTED.

SBAC: THE SMALL BUSINESS ASSISTANCE CORPORATION HAS BEEN EFFECTIVE IN PROVIDING FINANCING TO BOTH VERY SMALL AND MINORITY BUSINESSES. IT IS SUPPORTED BY FUNDING FROM THE SMALL BUSINESS ADMINISTRATION AND HUD COMMUNITY DEVELOPMENT BLOCK GRANTS AS WELL AS LOCAL MONEY FROM BANKS AND OTHER PRIVATE CONTRIBUTORS. I URGE YOU TO INVESTIGATE THIS UNIQUE ORGANIZATION WITH THE VIEW TO LEARNING WHAT MIGHT BE REPLICATED AND HOW BEST TO SUPPORT THIS TYPE OF EFFORT.

CDBG: ALTHOUGH THE CITY OF SAVANNAH HAS BEEN ABLE TO USE IT TO SUPPORT THE SMALL BUSINESS ASSISTANCE CORPORATION, THE USE OF HUD COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR BUSINESS DEVELOPMENT IS INCREASINGLY DIFFICULT. SINCE MANY JOBS ARE CREATED BY SMALL BUSINESSES SERVING LOW INCOME NEIGHBORHOODS, THE CDBG REGULATIONS SHOULD ALLOW FOR FLEXIBILITY TO ASSIST JOB FORMATION.

COMMUNITY BANKING: THE PRESIDENT HAS PROPOSED NEW COMMUNITY REINVESTMENT RULES THAT ARE INTENDED TO SPUR BILLIONS OF DOLLARS OF LENDING FOR HOUSING, SMALL BUSINESSES AND CONSUMERS IN LOW AND MODERATE INCOME AREAS. THE NEW RULES ARE ALSO INTENDED TO CUT THE BURDENSOME PAPERWORK, PARTICULARLY FOR SMALLER BANKS, THAT HAS PROVEN TO BE EXPENSIVE AND INEFFECTIVE. THESE ARE EXCELLENT OBJECTIVES. I WOULD ASK YOU TO BE VIGILANT IN SEEING THAT THEY ARE REALIZED.

BANK CDCs: INCREASING THE ABILITY OF BANKS TO PROVIDE FINANCING FOR BUSINESS FORMATION AND EXPANSION, AND FOR ECONOMIC DEVELOPMENT PROJECTS GENERALLY, SHOULD BE A FEDERAL OBJECTIVE. BANK COMMUNITY DEVELOPMENT CORPORATIONS ARE ONE METHOD THAT NOW EXISTS, THAT HAS PROVEN ITS EFFECTIVENESS, AND THAT SHOULD BE STRENGTHENED AND EXPANDED BY FEDERAL BANKING REGULATIONS. THE BANK CDC PROVIDES TOOLS FOR POOLING FINANCES AND FOR PRUDENT INVESTMENT IN URBAN DEVELOPMENT PROJECTS. IN SAVANNAH, BANK CDCs COULD ACCELERATE DOWNTOWN DEVELOPMENT AND INCREASE THE PRODUCTION OF AFFORDABLE HOUSING.

ECONOMIC GROWTH & CREDIT FORMATION - TESTIMONY, PAGE: 3

EMPOWERMENT ZONES: WE BELIEVE THAT THE CONCEPT OF "EMPOWERMENT ZONES" IS A USEFUL TOOL FOR ENCOURAGING TARGETED INVESTMENT IN JOB PRODUCTION FOR URBAN AREAS, ALTHOUGH IT IS CLEARLY NOT A PANACEA. SINCE GEORGIA HAS RESTRICTIONS ON THE ESTABLISHMENT OF STATE ENTERPRISE ZONES, SAVANNAH AND OTHER MEDIUM SIZED CITIES HAVE HAD LITTLE EXPERIENCE IN ESTABLISHING THEM. FEDERAL LEGISLATION SHOULD NOT REPEAT GEORGIA'S MISTAKE OF EXCLUDING SMALLER URBAN AREAS FROM THIS PROGRAM.

GEORGIA PORTS: ESTABLISHED IN 1733 ON THE BLUFFS OF THE SAVANNAH RIVER, THE PORT OF SAVANNAH HAS BEEN KEY TO THE ECONOMIC GROWTH AND VITALITY OF GEORGIA. IT SERVES AS THE STATE'S GATEWAY TO DOMESTIC AND INTERNATIONAL TRADE, ENSURING A VARIETY OF LOW COST GOODS AND SERVICES ARE AVAILABLE TO CONSUMERS.

TODAY, MORE THAN 63,000 GEORGIANS TRACE THEIR ECONOMIC LIVELIHOOD TO MARITIME RELATED ACTIVITIES. THESE JOBS GENERATE MORE THAN \$189 MILLION IN STATE AND LOCAL TAXES THAT HELP FUND ESSENTIAL PUBLIC SERVICES. IN ADDITION, THE PORT GENERATES MORE THAN \$200 MILLION ANNUALLY IN U.S. CUSTOMS COLLECTIONS.

IN PROMOTING THE GEORGIA PORTS AUTHORITY FOR USE AMONG THE WORLD'S TRADING NATIONS, GPA CREATES A COMPETITIVE ADVANTAGE BY ALLOWING GEORGIA'S COMPANIES TO LEVERAGE THEIR STRENGTH IN WORLD COMMERCE BOTH AS EXPORTERS AND AS IMPORTERS.

CONSTRUCTION AND MAINTENANCE OF A DEEPER SHIPPING CHANNEL TO PERMIT THE NEW, DEEP DRAFT SHIPS TO TRAVEL UNIMPEDED TO THE PORT COMPLEX WILL BE COMPLETED BY EARLY SPRING 1994. THE COST OF \$35-45 MILLION WILL BE SHARED BY THE STATE AND FEDERAL GOVERNMENTS. ONLY PROJECTS DETERMINED TO BE IN THE NATIONAL INTEREST ARE SUBJECT TO FEDERAL COST SHARING. MAINTENANCE OF FEDERAL CHANNEL DREDGING IS FUNDED TOTALLY BY A TAX ASSESSED ON THE VALUE OF THE CARGO MOVING THROUGH THE PORT.

IN TODAY'S INCREASINGLY COMPETITIVE ARENA, IF THE PORT CANNOT ACCOMMODATE THE SHIPS, THE STEAMSHIP LINES WILL TURN TO A COMPETITOR IN ANOTHER STATE JEOPARDIZING THE MORE 63,000 JOBS, THE TAXES AND THE ECONOMIC IMPACT. ALSO AT A RISK IS THE QUALITY OF OUR LIVES. IF GOODS ARE NOT TRANSPORTED EFFICIENTLY THEY WILL COST MORE AND COMPROMISE OUR COMPETITIVENESS IN WORLD MARKETS.

FUNDING THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991 MAKING THE LANDSIDE LINK TO THE PORTS AND, FUNDING THE ANNUAL CONSTRUCTION BUDGET OF THE CORPS OF ENGINEERS IS ESSENTIAL TO MEETING THE DEMANDS OF INCREASED CARGO TONNAGE AND VESSEL MOVEMENTS BY LARGER SHIPS IN THE INTERNATIONAL FLEET CALLING GEORGIA'S PORTS.

IN CLOSING, THANK YOU AGAIN FOR THIS OPPORTUNITY TO REPRESENT THE MEMBERS OF THE SAVANNAH AREA CHAMBER OF COMMERCE AND EXPRESS SOME OF THEIR ECONOMIC DEVELOPMENT INTERESTS.

PRESENTATION TO
SUBCOMMITTEE ON ECONOMIC
GROWTH AND
CREDIT FORMATION
ON
"STRATEGIES FOR ECONOMIC
GROWTH -
SAVANNAH AND THE SAVANNAH RIVER
REGION"

BY

THE REV. BENNIE R. MITCHELL, JR.
CONNORS TEMPLE BAPTIST CHURCH/CON ED. INC.
SAVANNAH, GEORGIA

DECEMBER 15, 1993

SUBCOMMITTEE PRESENTATION
"STRATEGIES FOR ECONOMIC GROWTH SAVANNAH
AND THE
SAVANNAH RIVER REGION"

BY

THE REV. BENNIE R. MITCHELL
CONNORS TEMPLE BAPTIST CHURCH/CON. ED., INC.
SAVANNAH, GEORGIA

December 15, 1993

The Organization

ConEd., Inc. the non-profit component of Connor's Temple Baptist Church was established to oversee and manage the Development of the MLK, Jr. Blvd. Complex. There are 7 members of the Board of Directors. To further ensure the development of the complex an advisory board of 12 members has been established comprised of doctors, lawyers, philanthropists, and business persons.

Mission Statement

The ConEd., Inc. mission is to restore and renovate the McKelvey-Powell/West Broad Street YMCA building as a much needed resource in the community, on the MLK, Jr. Blvd Corridor. Once restored and renovated the facility will house a Family Community Resource Center. The complex will pull together existing community agencies working together in an organized effort to combat the problems of high crime, drugs, teen pregnancy, family violence, poor health care, high infant mortality, and lack of services. And, promote and revitalize entrepreneurship through innovative partnerships.

"STRATEGIES FOR ECONOMIC GROWTH
THE MARTIN LUTHER KING CORRIDOR"

The Plan of Action

The following presentation will concentrate its context on the Martin Luther King Corridor in Savannah, and will provide some suggestions to the Subcommittee as to how the "Hub" as we know it can be restored and gain economic growth.

The Martin Luther King Corridor in Savannah served as a beacon to the African-American Community. The Corridor provided African-Americans the opportunity to do business and participate in the economic development of greater Savannah/Chatham County. The "Hub" was the location of many businesses that served African-Americans. Several businesses were built and owned by African-Americans, and many residents were served by these businesses, who otherwise might have been without much needed products and services.

Restoration of the Martin Luther King Corridor would mean the return of community pride, and the redevelopment of a much needed business district. To restore the "Hub" would mean putting an end to slum and blight, and creating an incentive for business owners in the area to renovate and improve their properties.

There is at least one historical facility along the Corridor, the McKelvey-Hall/YMCA building which is listed on the National Historical Registry as an historical landmark. Restoration of properties such as this would impact economic growth, by eliminating slum and blight. The restoration would also create an innovative approach to dealing with prevalent problems in the area and, afford an opportunity to existing community agencies and organizations to work together to fulfill community needs.

We offer the following 3 ways and means in the restoration of the Martin Luther King Corridor, or the "Hub" as we know it, as part of the economic development for Savannah and the Savannah River Region.

1. Offer a Tax Break to Businesses Along the MLK Corridor

First and foremost, the federal and local governments should be FAIR to all who want to locate or relocate businesses on the MLK Corridor with the interest of revitalizing the Corridor to her former glory in the philosophy of being a good corporate citizen.

This can be accomplished by providing information about opportunities to receive tax breaks and other incentives and, what grants and low interest or no interest loans that might available. And further by providing the technical assistance to help access and apply for this information which in the past has not been available.

Through an established procedure of applying for assistance from the federal and local governments businesses and agencies will be able to better facilitate their financial needs.

Further, through State Legislation which is being proposed to allow cities other than Atlanta, to establish "Enterprise Zones" should include Savannah. The MLK Corridor is part of the City of Savannah's Area "C", which is targeted for redevelopment., to eliminate slum and blight. The concept of "Enterprise Zones" would serve as an incentive to new businesses wanting to locate along the Corridor.

Any business locating or relocating on the corridor should be given a tax break with a gradual scale that will increase taxes on property.

2. Establish a Relationship with Current Businesses Along the Corridor

Businesses currently located on the MLK Corridor should be encouraged by the federal and local governments to establish a relationship with the residents that would make them better neighbors. People should be treated with respect. Customers, regardless of race or economic status should be treated as human beings. Pricing should be regulated to offer fair pricing. Many of the residents are consigned to the area because of lack of income and transportation. Good corporate citizens, like any other good neighbor should take care of neighbors. Reinvesting in the neighborhood, hiring from within the neighborhood, supporting neighborhood groups, schools, and churches are just a few examples.

3. Organize "The MLK Blvd. Merchants Association"

Merchants along the Corridor should be encouraged to organize themselves and form coalitions with the church, city and county, and become a part of the Chamber of Commerce to capitalize on the inherent strengths of the MLK Blvd. Corridor. Such an association would provide assistance to the \$30 billion tourism industry, the Convention and Visitors Bureau, and make our neighborhood and the MLK Corridor visitor friendly.

In the context of building partnerships for a better Savannah, the first major effort to effect economic growth and development for the Martin Luther King Corridor should become a significant part of the overall plan for the 1996 Olympics.



MLK, JR. BOULEVARD COMPLEX
RESTORATION PROJECT



INTRODUCTION

The restoration and renovation of the McKelvey/Powell/West Broad Street YMCA is a project that will restore a much needed resource to the community. Once restored and renovated the facility will house a **Family Community Resource Center**.

Not only will this project create an innovative approach to dealing with prevalent problems in the Savannah area, but also affords an opportunity to existing community agencies to work together to fulfill a community need. We will be submitting this request to funding agencies to secure all the funds necessary to complete all phases of the project.



THE CHALLENGE



Description of Problem

In recent years Savannah, a moderately paced urban community, with beautiful squares, parks, and a historical heritage, has been overwhelmed with crime, drugs, and violence, particularly in predominately black communities.

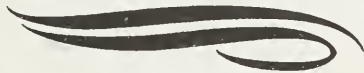
Many organizations have been organized in an attempt to combat problems that are plaguing our black communities, but there has not been a concerted effort to combine forces, organize and plan for progress.

The problems that exist which have detrimental effects on the communities include: teen pregnancy, drug abuse, youth unemployment and inactivity, child abuse, family violence, high crime, poor health care and lack of adequate services, high infant mortality, and the list goes on.

YESTERDAY



AN HISTORICAL PERSPECTIVE



A Moment for Community Pride

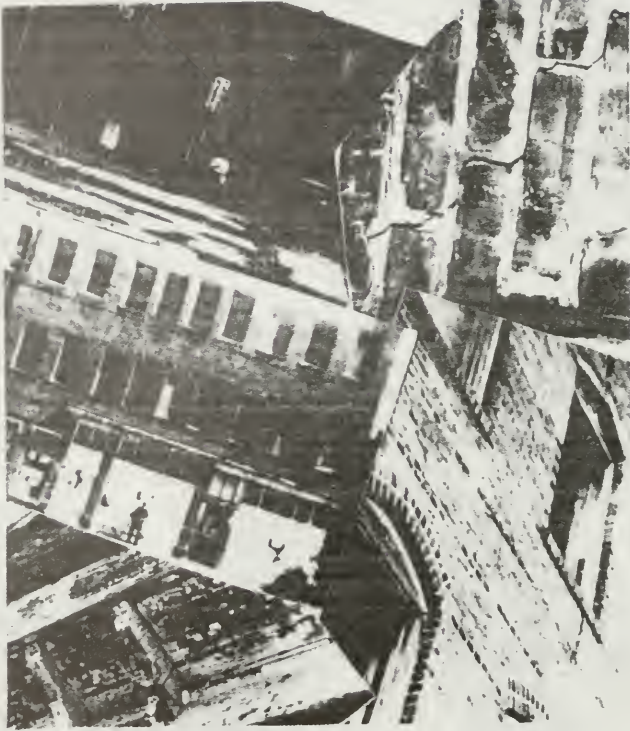
For more than half a century, the McKelvey/Powell Hall/West Broad Street YMCA served as a family life center and beacon to the African-American citizens of Savannah/Chatham County, drawing people from all walks of life to its host of social programs.

In many ways, the YMCA mirrors the history of downtown Savannah. It was built in 1927 by William McKelvey and Edward O. Powell as a major business investment response to the need for a facility for community outreach programs. During World War II, the facility served the community for USO activities. Its walls have reverberated the voices of local, national and international dignitaries.

For years the YMCA served as an anchor for the entrepreneurial spirit of African-Americans. As the downtown shopping district decayed, the YMCA building on West Broad Street remained in limited use until 1985.

Today the building has been purchased by the Connor's Temple Baptist Church. The plan is to restore the facility to its former glory as a family community resource center.

TODAY



THE GOAL



Description of Project Overall Goal

Because of the commitment of Connor's Temple Baptist Church to make a positive difference in the community, preliminary work has begun to establish the **MLK, Jr. Boulevard Complex**.

A survey was conducted to determine what services are most needed and would be appropriate to include in the Center. Several agencies and individuals have been identified who are willing to assist in the preservation of the YMCA building.

The project goal is to restore (exterior) and renovate (interior) the existing facility, which is owned by Connor's Temple Church, Inc. and Managed by Con-Ed, Inc., a non-profit corporation. The building is located in an area populated by youth where the volume of crime, violence and drugs are rampant. The restored facility, will serve as a center for positive and effective change, utilizing existing services and agencies in a collaborative effort to meet the needs of the family unit.

The project will also seek to create new services to meet the needs of families. Though the area has a high percentage of African-Americans, the Center will be open to all who live in the target area.

THE COST



Project Cost

Barnard & King, a respected firm of architectural engineers estimates that a minimum of \$1,025,900 will be needed to restore and renovate the YMCA building.

The restoration / renovation project will be done in three phases. The cost breakdown is outlined below:

• Restoration of Exterior, Phase I	\$275,000
• Renovation of Interior, Phase II (1st and 2nd Fl)	591,800
• Renovation of Interior, Phase III (3rd Fl)	159,100
Total Project Cost \$1,025,900	

Project Time Line

- Phase I - to be completed: July, 1994
- Phase II- to be completed: July, 1995
- Phase III-to be completed: July, 1996

Funding Requirements

Con-Ed. Inc., a non - profit corporation has been established to receive funds and manage the project. All funding support and inquiries should be directed to the corporation, in care of the Chairperson.

Endowment Opportunities

Naming Opportunities To Support The Project

Phase I Entire Building	\$1,025,900
Exterior	\$ 275,000

Phase II

Floor	\$ 2,100
Walls	3,000
Ceiling	857
Hood	12,500
H.V.A.C.	10,000
Kitchen Equipment	50,000
Fire Extng. System	4,000
Electrical	5,000
Contingency	2,500
	\$ 90,475

SECOND FLOOR

Folding Partitions	\$16,800
Drywall	16,500
Carpentry	42,000
Doors	10,000
Hardware	4,800
Flooring	10,600
Stairs	12,000
Paint & Finishing	8,500
Plumbing	19,360
H.V.A.C.	32,000
Electrical	34,000
Contingency	20,000
	\$ 226,560

Total Phase II \$591,735

Phase III

THIRD FLOOR

Flooring	\$12,800
Partitions	13,500
Carpentry	22,000
Doors	3,600
Hardware	2,400
Ceilings	12,000
Painting & Finishing	6,500
Plumbing	16,800
H.V.A.C.	32,000
Electrical	30,000
Contingency	7,500

\$159,100

Total Phase III \$159,100

OTHER CONSTRUCTION

Flooring	12,000
Drywall	10,000
Carpentry	24,000
Doors	5,000
Hardware	3,500
Painting & Finishing	7,200
Plumbing	8,000
H.V.A.C.	32,000
Electrical	30,000
Elevator	85,000
Sprinkler System	33,000
Contingency	15,000

\$274,700

Endowment Opportunities



FLOORS

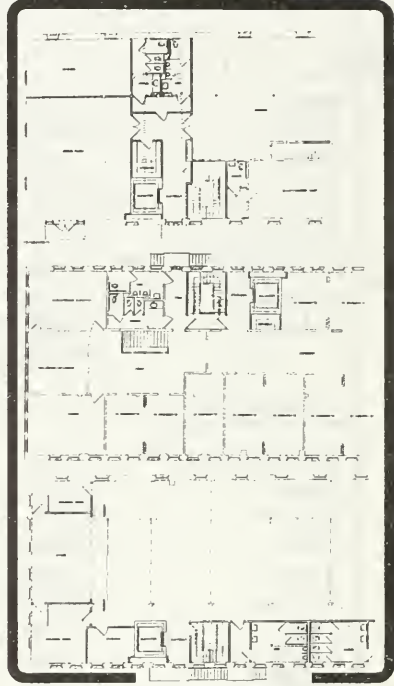
First Floor \$ 90,540

Second Floor \$ 226,560

Third Floor \$ 159,100

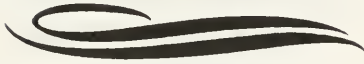
Rooms

\$ 10,000 --- 100,000



All Contributions To This Project Are Tax Deductible

AN INVITATION



The Board of Con-Ed., Inc. a non-profit corporation established to manage the M.L.K., Jr. Boulevard Complex restoration project, and the Advisory Board invite you to join in the effort to restore to the community a much needed resource, the McKelvey/Powell Hall/West Broad Street YMCA.

This project will not only create an innovative approach to dealing with prevalent problems in the Savannah area, but also affords an opportunity to existing community agencies willing to work together to fulfill a community need.

Because of our commitment to make a positive difference in our community, the Con-Ed., Inc. Board has begun preliminary work to establish the Community Family Resource Center Complex. A group of volunteers surveyed the community to determine what services are most needed and would be appropriate to include in the center. As part of the survey we were able to identify persons and agencies willing to assist in the preservation of the building, which is in process.

The Advisory Board

CON-ED., INC.
509 WEST GWINNETT STREET
SAVANNAH, GEORGIA 31401

ADVISORY BOARD MEMBERS

Atty. David Roberson

Mrs. Alice Walls

Dr. Archie A. Culbreth

Mrs. Pearl Persad

Maj. William L.D. Lyght

Dr. Dorothy Gardner

Mr. Richard M. Eichholz

Mrs. Carolyn B. Jones

Mr. Bill Daniels

Mr. Robert Butts

Dr. Billy Hair

Atty. Willie Gary

Mr. Floyd Blackwell

TOMORROW



M.L.K., JR. BOULEVARD COMMUNITY FAMILY RESOURCE CENTER COMPLEX



CHATHAM COUNTY
COMMUNITY SURVEY, 1992

Connors Temple Baptist Church, Inc.
509 West Gwinnett Street at M. L. King, Jr., Boulevard
Savannah, Georgia 31401

October 20, 1992

**Chatham County
Community Service Needs Assessments**

This report is based on a Community Service Assessment which was developed by Connors Temple Baptist Church, Inc. The data compiled and analyzed in this report will be utilized in the development of proposals for potential funding sources to effectively alleviate the concerns highlighted from the community survey.

Question #1 (a,b,c) were combined with each respondent showing more than one concern. The results showed 80.6% with concerns for teens and their activities, 78.4% were concerned with drugs in the neighborhood, 64% were concerned with bettering the community, 42.4% with crimes, 24.2% with recreational activities in the neighborhood and the least concerns were 1% for the neighborhood store, 5.4% teen mothers, 2.7% laundry facilities and another 1% with elderly recreation.

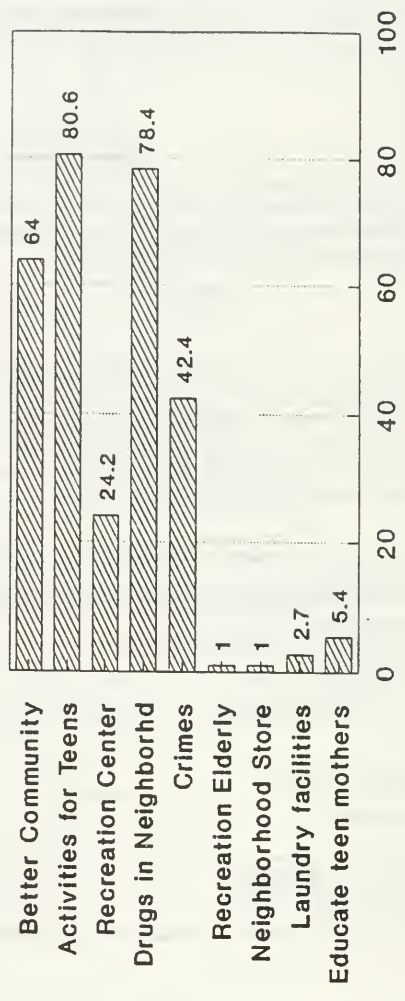
n = 148

Better Community	64%
Activities for Teen	80.6%
Recreation Center	24.2%
Drugs in Neighborhood	78.4%
Crimes	42.4%
Recreation for Elderly	1.0%
Laundry Facility	<u>2.7%</u>
Education for Teen Mothers	<u>5.4%</u>
Neighborhood Store	<u>1.0%</u>

(A) What are some major concerns in your neighborhood?

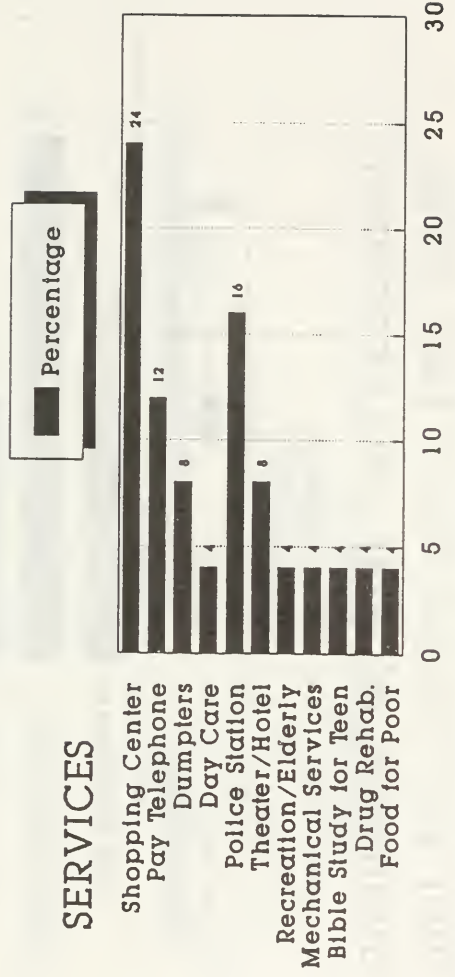
Percentage

CONCERNS



n=148

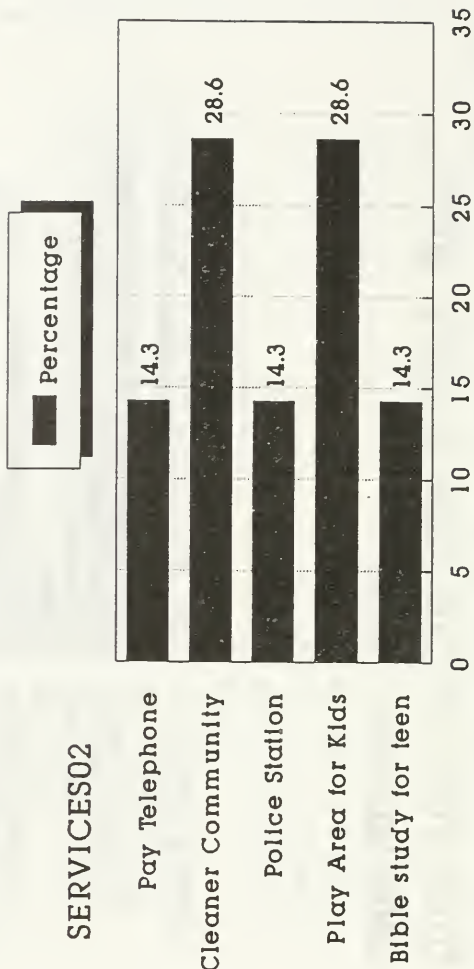
Are there other services not mentioned that you would use if they were available?



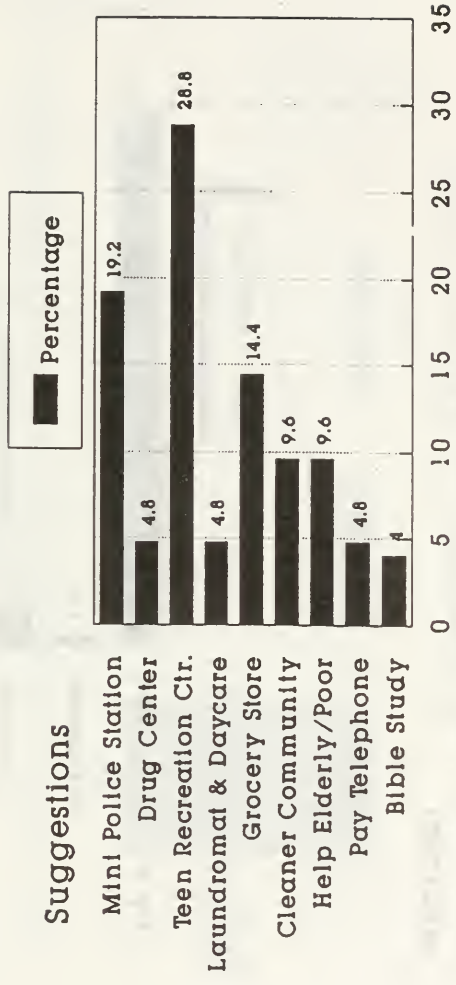
n=25

CHATHAM COUNTY

Are there other services not mentioned that you would use if they were available in your neighborhood?



What other services would you suggest that would be helpful to you in your community?

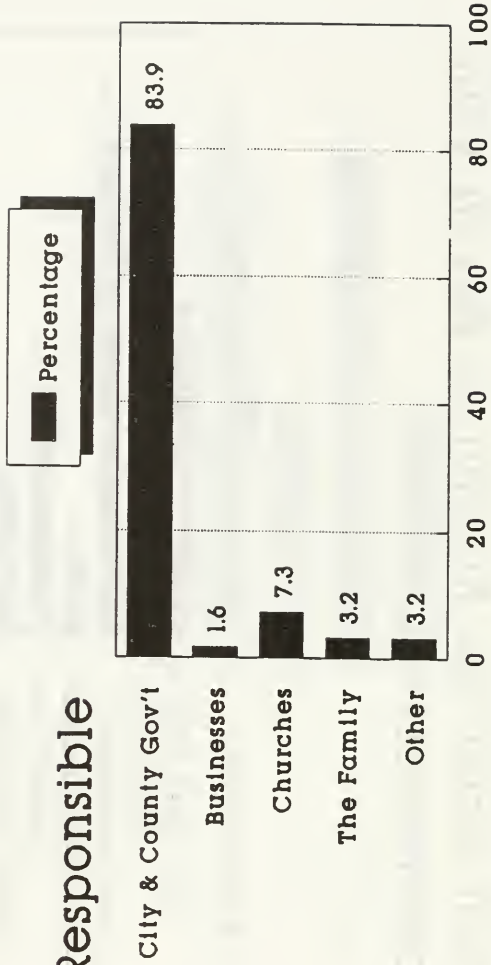


n=21

CHATHAM COUNTY

Who do you think is most responsible for providing your neighborhood with services?

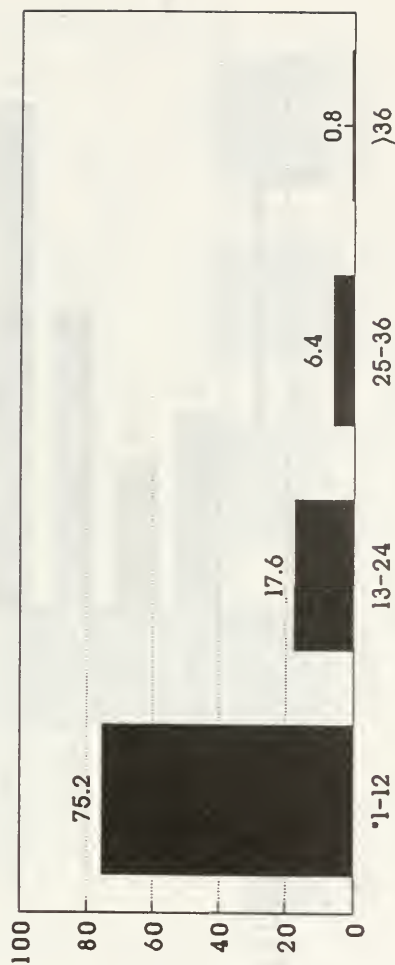
Responsible



n=124

CHATHAM COUNTY

How long have you lived in this community?

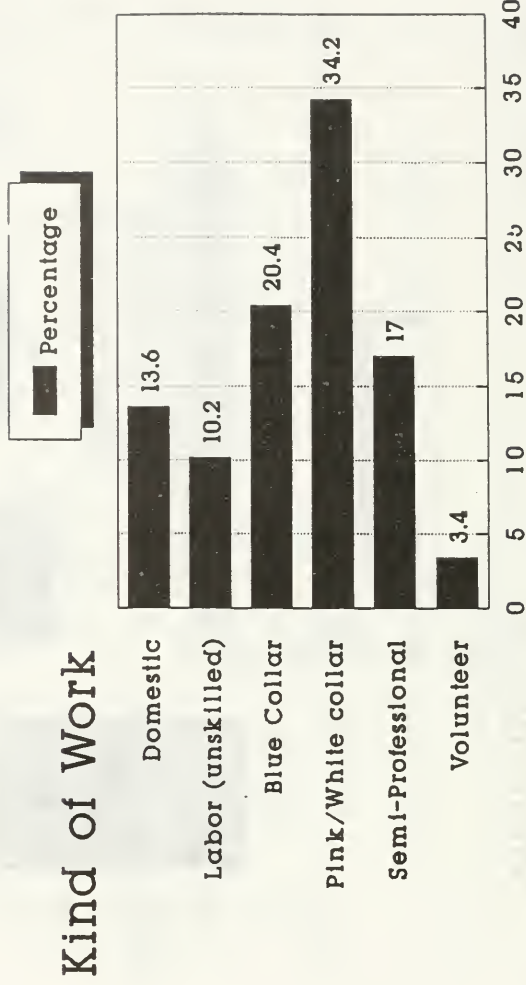


Number of Years Lived

n=126 *In months

CHATHAM COUNTY

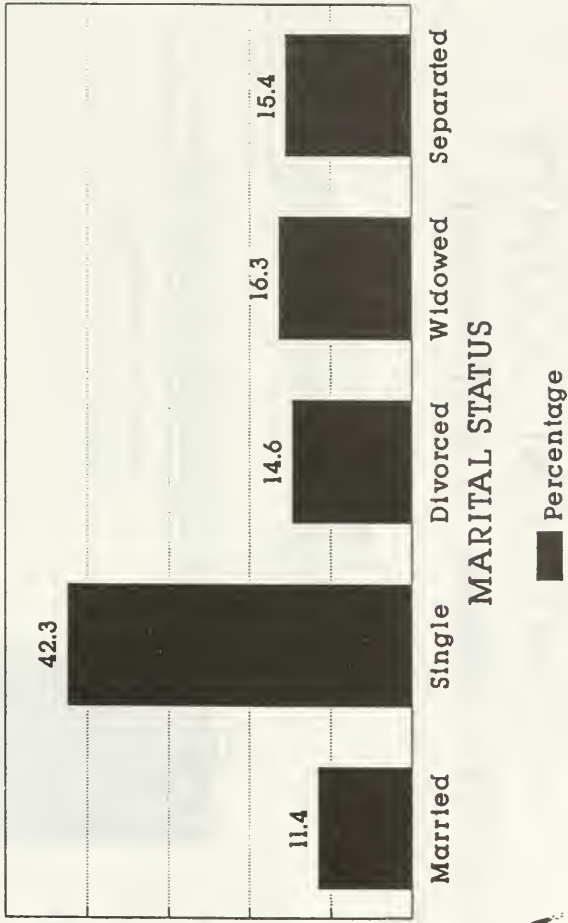
What kind of work do you do?



n=29
CHATHAM COUNTY

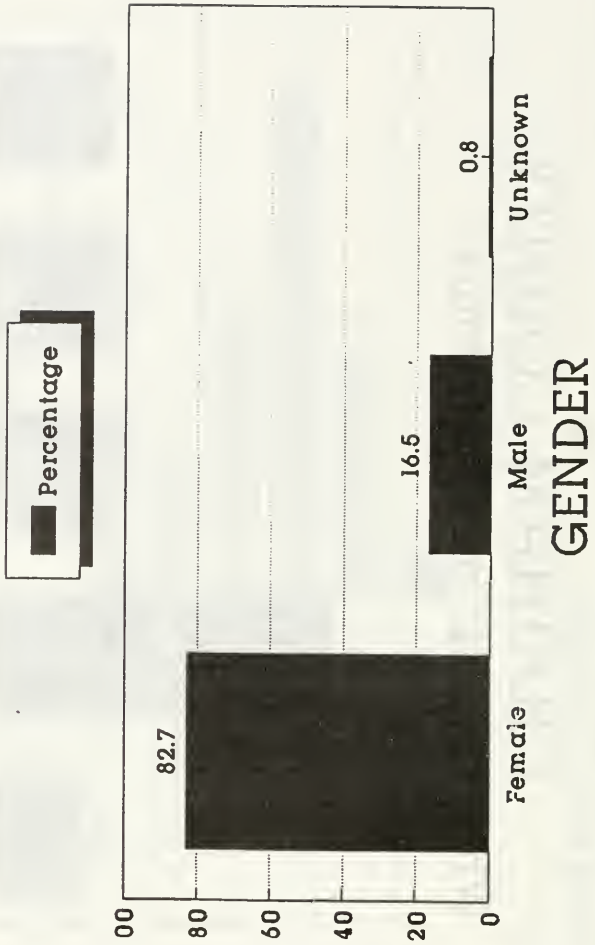
CHATHAM COUNTY

What is your marital status?



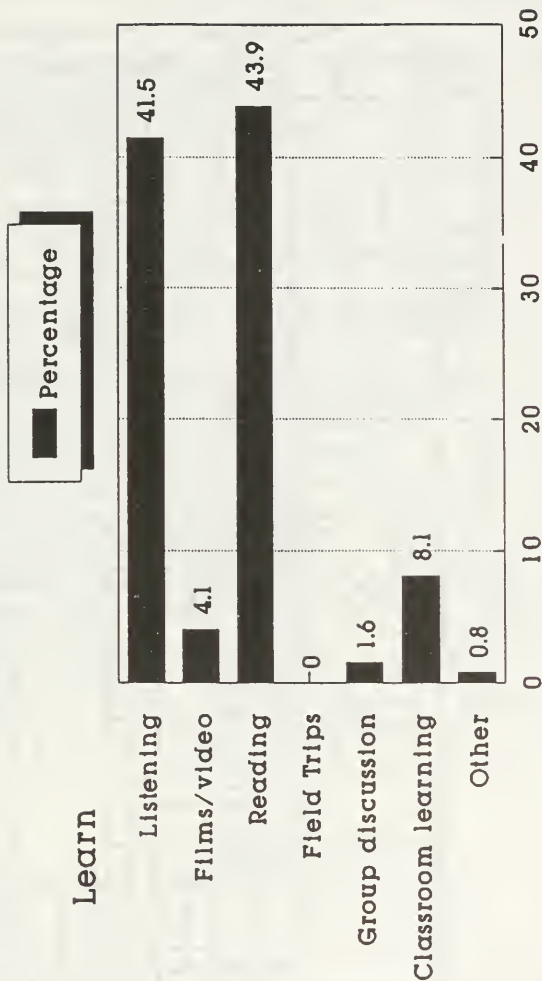
CHATHAM COUNTY

NOTE: Gender of respondent.



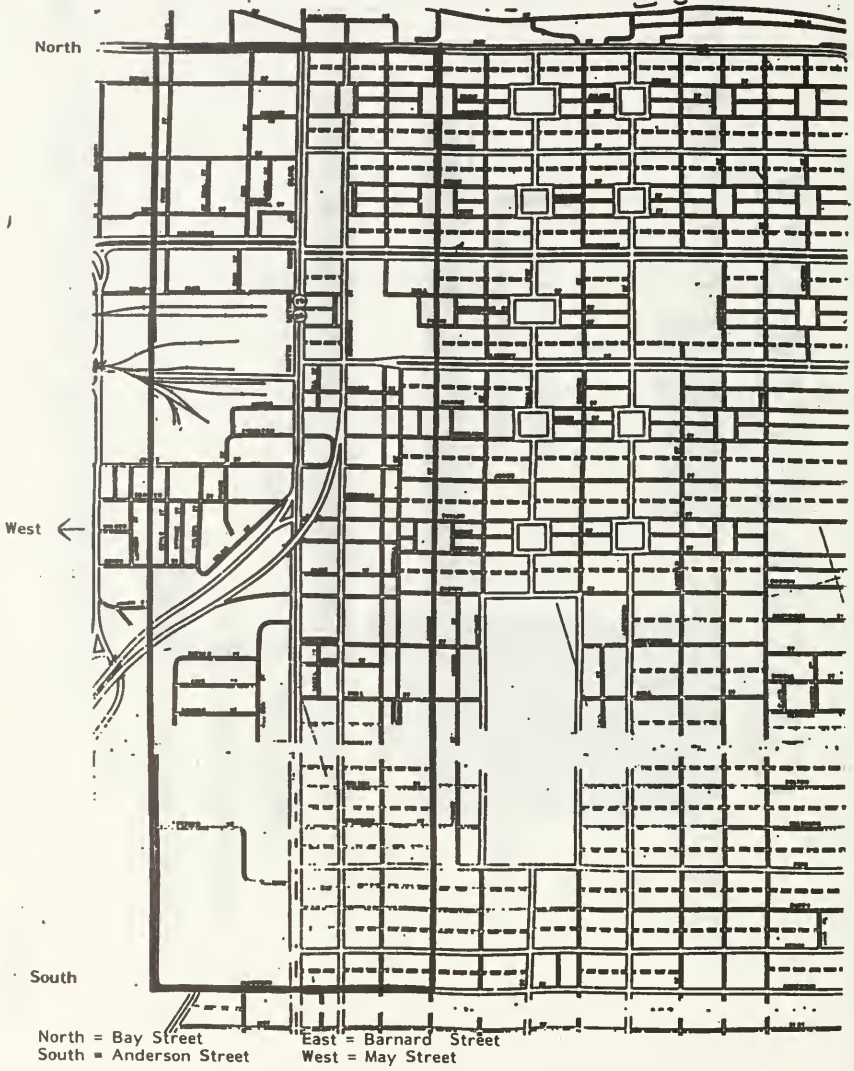
CHATHAM COUNTY

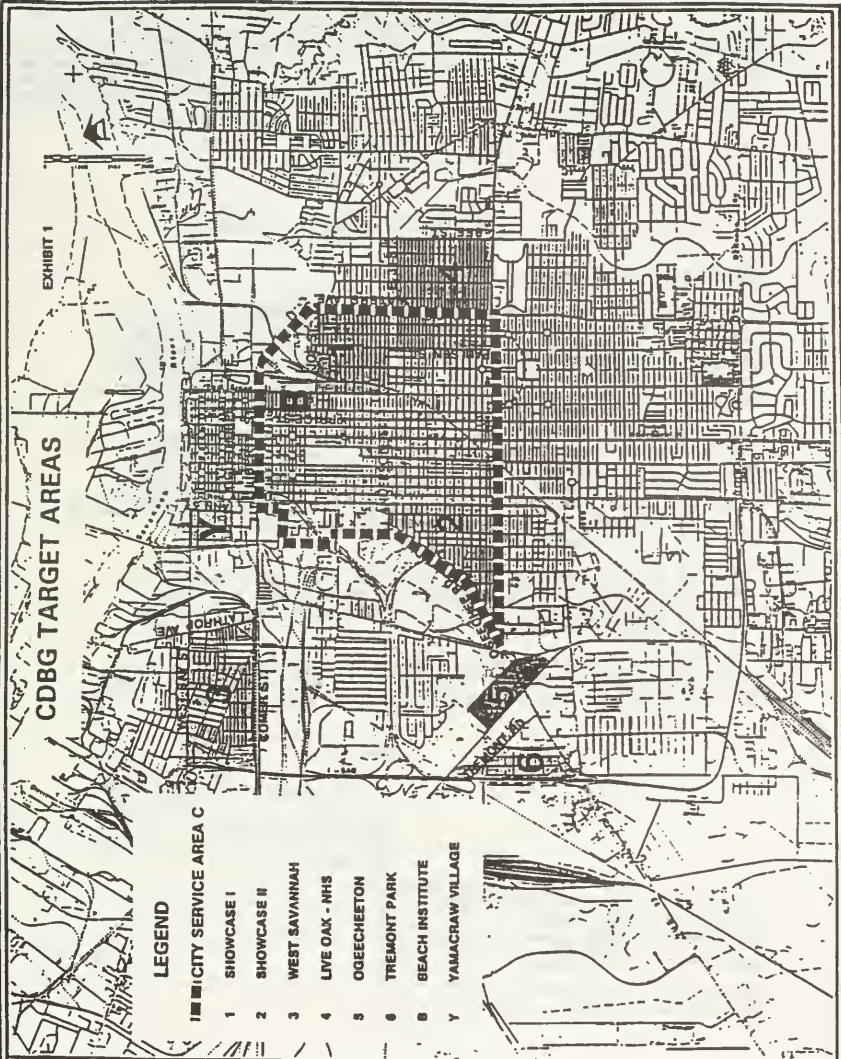
In your opinion, do you learn best by?



n=123

CONNORS TEMPLE BAPTIST NEEDS ASSESSMENTS TARGET POPULATION MAP 1992





CITY OF SAVANNAH

Prepared By Bureau of Public Development -
 Department of Planning & Community Development

Georgia Department of Natural Resources

Joe D. Turner, Commissioner

205 Butler Street, S.E., Suite 1462, Atlanta, Georgia 30334

Parks, Recreation, and Historic Sites Division

Office of Historic Preservation

Elizabeth A. Lyon, State Historic Preservation Officer

(404) 866-2840

October 7, 1993

Dear Reverend Mitchell;

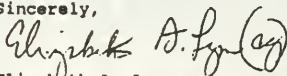
I am sending this letter in support of the rehabilitation and reuse of the historic YMCA building on Martin Luther King, Jr. Boulevard in Savannah. The building lies within the Savannah Historic District and although its condition is somewhat deteriorated, it appears to be structurally sound and can be brought back to a useful condition.

African-American YMCA's are important community landmarks. These facilities have traditionally provided places for physical, social, and political activities for young black men. This particular building was constructed and dedicated as a black YMCA, and is a landmark structure within the community because of its architectural prominence, and the importance of the activities that occurred there.

The YMCA in Savannah is an excellent example of a dedicated landmark building and in addition is significant for its associations with the civil rights activities that went on in Savannah during the 1960's.

I hope that you will have the opportunity to inform the site selection committee of the importance of this landmark building and they will see fit to provide for its continued use.

Sincerely,



Elizabeth A. Lyon
State Historic Preservation
Officer

Post-It brand fax transmittal memo 7671		# of pages >
To <i>Reverend Mitchell</i>	From	
Ca. <i>Reverend Mitchell</i>	Ca.	
Dept.	Phone #	
Fax # <i>912/234-7940</i>	Fax #	

**PRESENTATION BEFORE THE
CHATHAM COUNTY COMMISSION
SITE SELECTION COMMITTEE
OCTOBER 13, 1993**

BY

**CON. ED., INC.
BOARD OF DIRECTORS AND
ADVISORY COMMITTEE**

In many ways, the YMCA mirrors the history of downtown Savannah. The building was built in 1927 as a major business investment in response to the need for a facility for community outreach programs for African Americans. It was built by William McKelvey and Edward O. Powell, both African Americans. During World War II, the facility served the community for USO activities. Its walls have reverberated the voices of local, national and international dignitaries. And served as a monument of courage and support to many during the Civil Rights conflicts in Savannah and Chatham County.

For years the YMCA served as an anchor for the entrepreneurial spirit of African Americans. As the downtown shopping district decayed, the YMCA building on West Broad Street remained in limited use until 1985.

Today the building has been purchased by the Connor's Temple Baptist Church. The plan is to restore the facility to its former glory as a family community resource center.

Not only will this project create an innovative approach to dealing with prevalent problems in the Savannah area, but also affords an opportunity to existing community agencies and organizations to work together to fulfill a community need, which includes the establishment of a Civil Rights Museum for all of Savannah to be proud and accessible.

JUSTIFICATION:

The West Broad Street YMCA site is located on the corridor targeted by the Olympic Committee for beautification. The area of MLK, Jr. Blvd. around the West Broad Street YMCA should be included in those plans. Not only will this lengthen the corridor, but extending the beautification effort, will provide an incentive for other businesses along the corridor to renovate their properties. The inclusion of the south end of MLK in the beautification will also eliminate blight and slum conditions.

Martin Luther King, Jr. Blvd. is Savannah's gateway for visitors entering from Interstate 16. Figures provided by the Chatham County - Savannah Metropolitan Planning Commission indicate that there is more traffic entering Savannah on the South end of MLK, Jr., near the West Broad Street YMCA, than on the North end, near the Visitors/Civic Center in 1991 and 1992.

Entering from I-16 at MLK Blvd. in 1992-12,572;

Entering I-16 at Gwinnett St, in 1992-11,887

Entering MLK Blvd. @ Huntington St., 1992-16,717

Entering MLK Blvd. @ Bolton St., 1992-17,974

Entering Montgomery at the Civic Center 1992 -5,995.

Estimates for the year 2010 show the same differentials.

The West Broad Street YMCA, known as the McKelvey/Powell Hall, is listed on the National Register of Historic Sites, and should be restored and renovated for historical preservation.

DESCRIPTION OF PROJECT:

Because of the Commitment of Connor's Temple Baptist Church to make a positive difference in the community, preliminary work has begun to establish the MLK, Jr. Blvd. Complex.

A survey was conducted to determine what services are most needed and would be appropriate to include in the Center. Several agencies and individuals have been identified who are willing to assist in the preservation of the YMCA building.

The project goal is to restore (exterior) and renovate (interior) the existing facility, which is owned by Connor's Temple and managed by Con-Ed., Inc. a non-profit corporation. The facility, once restored, will serve as a center for positive and effective change, utilizing existing services and agencies in a collaborative effort to meet the needs of the community.

The project will also seek to create new services to meet the needs of families. Though the area has a high percentage of African Americans, the Center will be open to all who live in the area.

THE PROJECT COST:

Bernard & King, a respected firm of architectural engineers estimates that a minimum of \$1,025,900 will be needed to restore and renovate the YMCA building.

The restoration/renovation project will be done in three phases. The cost breakdown is as follows:

• Restoration of Exterior, Phase I	\$275,000
• Renovation of Interior Phase II	591,800
• Renovation of Interior Phase III	159,100

Project Time Line:

- Phase I - Completed by July, 1994
- Phase II - Completed by July, 1995
- Phase III- Completed by July, 1996

Endowment Opportunities: Naming Opportunities are available to support the project.

CONCLUSION:

The Board of Con-Ed, Inc. submits to the Chatham County Commission Site Selection Committee this presentation as a viable alternative for the location of the Civil Rights Museum. A site that was built by African Americans, owned by African Americans, and served African Americans. And, further request, that the 1% Sales Tax pledge of \$1,000,000 be set aside to fund the McKelvey/Powell Hall/West Broad Street YMCA Restoration/Renovation project.

-end-

Georgia Department of Natural Resources

Joe D. Turner, Commissioner

205 Butler Street, S.E., Suite 1462, Atlanta, Georgia 30334

Parks, Recreation, and Historic Sites Division
Office of Historic Preservation
Elizabeth A. Lyon, State Historic Preservation Officer
(404) 656-2840

October 7, 1993

Dear Reverend Mitchell;

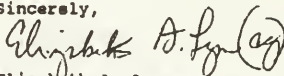
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The YMCA in Savannah is an excellent example of a dedicated landmark building and in addition is significant for its associations with the civil rights activities that went on in Savannah during the 1960's.

I hope that you will have the opportunity to inform the site selection committee of the importance of this landmark building and they will see fit to provide for its continued use.

Sincerely,



Elizabeth A. Lyon
State Historic Preservation
Officer

Post-It™ brand fax transmittal memo 7871		# of pages
To <i>Reverend Mitchell</i>	From	
Ca. <i>Reverend Mitchell</i>	Co.	
Dept.	Phone #	
Fax # <i>912/234-7940</i>	Fax #	

**PRESENTATION BEFORE THE
SAVANNAH CITY COUNCIL**

BY

**CON. ED., INC.
BOARD OF DIRECTORS AND
ADVISORY COMMITTEE
December 9, 1993**

INTRODUCTION:

To the members of Savannah City Council, the Con. Ed., Inc. Board of Directors and Advisory Committee, come before you today to request funding from the City's Community Block Grant allocation. This request is to fund the renovation and restoration of the McKelvey/Powell Hall/West Broad Street YMCA building, located at 714 Martin Luther King Blvd., Savannah/Chatham, County Georgia.

We are here to request your support in our attempt to salvage a very significant part of African American history. A facility that has played an important role in the history of Savannah/Chatham County. A facility that served as a refuge to many during the struggle for equality. A facility that provided families a wholesome atmosphere for events and activities, during a time when there was no place else for them to go.

The Board of Con.Ed. feels very strongly that the YMCA building should be renovated and restored.

Today the building has been purchased by the Connor's Temple Baptist Church. The plan is to restore the facility to its former glory as a family community resource center.

Not only will this project create an innovative approach to dealing with prevalent problems in the Savannah area, but also affords an opportunity to existing community agencies and organizations to work together to fulfill a community need.

JUSTIFICATION:

The West Broad Street YMCA site is located on the corridor targeted by the Olympic Committee for beautification. The area of MLK, Jr. Blvd. around the West Broad Street YMCA should be included in those plans. Extending the beautification effort, will not only lengthen the corridor, but will provide an incentive for other businesses along the corridor to renovate and improve their properties. The inclusion of the south end of MLK in the beautification will also eliminate blight and slum conditions in the area.

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The West Broad Street YMCA, known as the McKelvey/Powell Hall, is listed on the National Register of Historic Sites, and should be restored and renovated for historical preservation.

DESCRIPTION OF PROJECT:

Because of the Commitment of Connor's Temple Baptist Church to make a positive difference in the community, preliminary work has begun to establish the MLK, Jr. Blvd. Complex.

A survey was conducted to determine what services are most needed and would be appropriate to include in the Center. Several agencies and individuals have been identified who are willing to assist in the preservation of the YMCA building.

The project goal is to restore (exterior) and renovate (interior) the existing facility, which is owned by Connor's Temple and managed by Con-Ed., Inc. a non-profit corporation. The facility, once restored, will serve as a center for positive and effective change, utilizing existing services and agencies in a collaborative effort to meet the needs of the community.

The project will also seek to create new services to meet the needs of families. Though the area has a high percentage of African Americans, the Center will be open to all who live in the area.

THE PROJECT COST:

Bernard & King, a respected firm of architectural engineers estimates that a minimum of \$1,175,900• will be needed to restore and renovate the YMCA building.

The restoration/renovation project will be done in three phases. The cost breakdown is as follows:

• Restoration of Exterior, Phase I	\$425,000•
• Renovation of Interior Phase II	591,800
• Renovation of Interior Phase III	159,100

Project Time Line:

- Phase I - Completed by July, 1994
- Phase II - Completed by July, 1995
- Phase III- Completed by July, 1996

Endowment Opportunities: Naming Opportunities are available to support the project.

CONCLUSION:

The Board of Con-Ed, Inc. submits to the Savannah City Council this presentation as a viable and meaningful project. The restoration of a major part of Savannah's history. . . a facility that was built by African Americans, owned by African Americans, and served African Americans. And, further request, that the City allocate to the Con. Ed. Inc., \$1,000,000 from Community Block Grant funds to support the McKelvey/Powell Hall/West Broad Street YMCA Restoration/Renovation project.

-end-

Attachments:

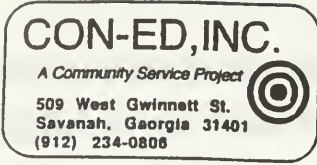
Development Brochure

Letter from the Georgia Dept of Natural Resources

Letters of Support

Newspaper Clippings

-8-



November 30, 1993

Commissioner Ben Price
 Chairman
 Chatham County Site Selection Committee
 Savannah, GA

Dear Commissioner Price:

On behalf of the Connor's Temple Baptist Church and Con Ed., Inc. I wish to express our sincere appreciation for the Site Selection Committee's efforts regarding the Civil Rights Musuem project.

Con Ed., Inc., as stated at the hearing, is willing to compromise for the benefit of the project, in an attempt to create a "win-win" situation for all concerned. We feel strongly that the historical McKelvey-Powell Hall/YMCA building at 714 M.L.K. Blvd. is the best site to house the Museum. Because we feel so strongly that this historical building is the best location, we are willing to negotiate with the other presenters to offer an agreed upon solution.

Contact has been made with the persons representing the two other proposed sites, Mr. W.W. Law, and Judge Mikell They have indicated that they are willing to work together for the success of the project, regardless to which site is selected. If their site is not selected they would support the McKelvey-Powell Hall/Y.M.C.A location.

We propose a joint meeting with Mr. Law and Judge Mikell in an attempt to resolve the issue, among ourselves, and present the outcome as a recommendation to the Site Selection Committee at the December 10, 1993 meeting.

Sincerely,

Rev. Bennie R. Mitchell, Jr., Pastor

CON-ED, INC

A Community Service Project
 509 West Gwinnett Street
 Savannah, Georgia 31401
 (912) 234-0860



November 30, 1993

The Honorable Charles B. Mikell
 Judge Superior Court
 133 Montgomery Street
 Room 203
 Savannah, GA 31401

Dear Judge Mikell:

On behalf of the members of the Con Ed., Board, I invite you to meet in an attempt to resolve the issue regarding the site for the Civil Rights Museum. As we indicated at the hearing, Con Ed. is willing to compromise to create a "win-win" situation for the benefit of the project.

We have all agreed that Martin Luther King, Blvd., is where the Museum should be located. We can all agree that the McKelvey-Powell Hall, is the only African-American building on MLK, that was built by African-Americans and served the African-American community from 1927 through 1985. We can also agree on the fact that we are all interested in creating a facility that will benefit the local community for many years to come. To link the past, with the present, for our future is something from which we can all benefit.

As you know the Site Selection Committee will make its final decision at the December 10, 1993 meeting. I would hope that we can meet prior to that time to resolve the issue and collectively make a presentation to the committee prior to the December 10, 1993 meeting.

My office will contact you to arrange a convenient time for the three of us to get together.

Sincerely,

Rev. Bennie R. Mitchell, Jr.

6-10-90
 next week



November 30, 1993

Mr. W.W. Law
 710 West Victory Drive
 Savannah, GA 31405

Mr. W.W. Law:

On behalf of the members of the Con Ed., Board, I invite you to meet in an attempt to resolve the issue regarding the site for the Civil Rights Museum. As we indicated at the hearing, Con Ed. is willing to compromise to create a "win-win" situation for the benefit of the project.

We have all agreed that Martin Luther King, Blvd., is where the Museum should be located. We can all agree that the McKelvey-Powell Hall, is the only African-American building on MLK, that was built by African-Americans and served the African-American community from 1927 through 1985. We can also agree on the fact that we are all interested in creating a facility that will benefit the local community for many years to come. To link the past, with the present, for our future is something from which we can all benefit.

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Sincerely,


 Rev. Bennie R. Mitchell, Jr.

**A PROPOSAL FOR INFORMATION AND PROCEDURES
TO RESTORE THE CHARITY HOSPITAL - 644 WEST 36TH STREET**

A brief history: The Charity Hospital superseded the McKane Hospital for Women and Children and Training School for Nurses that opened in 1893 at the northwest corner of Liberty and Montgomery Streets. The institution moved into a structure on the corner of Florence & 36th Streets in 1896. The name was changed to the Charity Hospital for Negroes and Training School for Nurses in 1901. The brick building that stands today on an adjacent site was constructed in the period between 1926 and 1931. In addition to providing a training facility for black nurses and doctors, the Charity Hospital was also the first local medical facility to allow black physicians to practice. After the hospital was closed, the building was renovated and opened as the William A. Harris Memorial Nursing Home, which closed in 1976. Throughout its history, the institution has served the local and surrounding communities.

We would appreciate your assistance in identifying fund sources to rehabilitate the building so that it may again become a viable asset to the community. As we look at the health and social problems in the community, we see an important need for such a facility. Not only is the Charity Hospital building a source of pride to the Afro-American community, but it will provide jobs and cause other property owners to rehabilitate their properties.

We must realize that when the Urban Renewal Program was started in the 1960's, black-owned properties, homes and businesses were destroyed. Let us look at MLK, Blvd., formerly West Broad Street, that was once a thriving street for black business, but destroyed by the Urban Renewal Program. It is well known that a housing community cannot stand without the shops and stores for community convenience.

As people moved out of the area it was left with abandoned houses, stores and community centers that are of historic importance to the Afro-American community and the City of Savannah. Because of disparity in economics between the Afro-American and white communities and the inequitable distribution of resources, the Charity Hospital became abandoned and derelict.

I believe the renovation of the building could support an AIDS treatment program, drug program, including treating crack babies, and even a satellite for medical care for the Armed Forces and their dependents.

The question now is, are there funds available and how may we go about securing such funds?

We thank you,


David Jones

1st District Alderman

Testimony of
Michael Whalen
Community Investment Coordinator
NationsBank
before the
Subcommittee on Economic Growth and Credit Information
U.S. House of Representatives

Savannah, Georgia

December 15, 1993

Good morning, Chairman Kanjorski and members of the subcommittee. My name is Michael Whalen, and I am the NationsBank Community Investment Coordinator supporting our local banks in Georgia with community development initiatives. I appreciate this opportunity to share my company's perspective on the bank's role in our local community economic development.

When it comes to issues of public policy, there is a great deal of common ground between NationsBank and this group of legislators. Public policy helps determine the way we run our businesses and the success of our communities' economic development.

And, our customers are your constituents. Our markets are your home towns. We are affected by one another's decisions.

That's why NationsBank believes that the best and smartest economic development policies are born from cooperation between the public and private sectors.

In your invitation, Mr. Chairman, you asked how federal assistance for growth can be delivered more efficiently and responsively . . . what new programs might be undertaken . . . and how processes can be streamlined. Frankly, I am not qualified to make recommendations to this body concerning how the federal government can improve its delivery of economic growth programs. But I do believe that NationsBank has taken the lead in the private sector when it comes to community investment. We are beyond promises and are generating results. So, perhaps a brief discussion of our initiatives would be helpful.

We have a strong commitment to developing the communities where we live and work. When our company became NationsBank, our chairman -- Hugh McColl -- pledged that we would make \$10 billion in community development loans by the end of this decade. In the first full year of that program, I'm happy to say we made more than \$2.2 billion in community development loans, and are on track to exceed our ambitious goal.

Georgia received \$343 million of that total, and \$8.5 million worth of community development loans were made locally in the Savannah area. We are proud to report that 49 percent of the Savannah loans were made to businesses in low- to moderate-income areas, a vital segment of our markets.

Community investment loans are those made to traditionally underserved segments of the population; to small business owners, and first time homebuyers, and the family trying to send a child to college. Community Investment loans help channel more capital and financial resources into all segments of our communities, thus stabilizing local economies and broadening the base of economic opportunity.

Also, Community Investment loans are good business. They increase our customer base and build profitable long-term relationships in new market segments.

But to make more loans, we have to reach more customers. And we have learned that one of our biggest challenges is educational -- helping people in low- to moderate-income neighborhoods

understand how to work successfully with a bank. So we have formed a number of partnerships with organizations such as the NAACP and the Urban League.

NationsBank has been involved in more than 200 locally-driven partnerships nationwide, including:

- Neighborhood Housing Services of Savannah, that provides basic homebuyer education and affordable mortgage products to targeted neighborhoods.
- Multibank efforts to fund Community Housing Services Agency, Inc., for affordable housing and economic development projects in Savannah.
- Multibank public/private support of the Small Business Assistance Corporation providing technical assistance and financing for Savannah's Small Businesses.

In all, throughout our service area, we have conducted more than 400 credit information seminars that reached more than eight thousand people.

In addition, NationsBank established Small Business Lending Units in 1993 in eight communities we serve throughout Georgia. These units were designed to develop or enhance relationships with small businesses.

In addition to identifying the markets and making the loans, we believe we have a responsibility to let you and your constituents -- our customers -- know how we are doing. So we have implemented a number of public reporting programs, so that you can measure our actions against our words.

Earlier this year we went to 33 different cities across our system to conduct "Report to Communities" presentations, announcing our 1992 lending results. In Georgia, we made reports in Macon, Augusta, and Savannah. Reports were made to Georgia audiences representing governmental bodies, community leaders, and neighborhood residents. They also allowed us the opportunity to discuss the challenges we face in making Community Investment loans available to all of our communities.

On a broader scale, we instituted a program to help us evaluate our progress and assess local needs, which we called the Public Hearings program. This program consisted of one state-wide, town hall-style meeting in every state we serve. The public was invited to attend and offer their comments, criticism, and feedback regarding our community investment programs. We are the only bank to ever voluntarily hold such meetings, and we know that we learned a great deal in the process.

We also have taken steps to make our loans more accessible to people who don't have a history of working with banks. For example, in low- to moderate-income areas, we now consider non-traditional credit history sources, such as a good record of paying rent and utility bills.

So you can see we are doing a lot, but we want to do even more. We recognize we have further to go . . . and we also believe that our industry has not yet stepped up to its responsibility of meeting the needs of low- to moderate-income borrowers and small businesses.

What are the solutions? We believe they are a sincere commitment, coupled with hard work.

Through internal communications, our associates have a clear understanding of our company's intentions regarding community support and responsibility -- especially to traditionally underserved markets.

I have already told you of several external communication programs we have implemented, to help identify and develop this market.

We are very serious about our community commitment and must continue with the programs now in place -- programs that:

- reinforce the importance of community responsibility;
- monitor our progress toward specific lending goals; and
- encourage frank communication and evaluation of our community investment progress to date.

NationsBank intends to be the best community investment bank in America. As our chairman has said time and time again, our company is only as strong as the neighborhoods it serves.

Clearly, we at NationsBank are serious about community development. It is good for our company . . . good for our community . . . and more important, it is good for each of us.

Once again, Mr. Chairman, I thank you for this opportunity to speak on behalf of NationsBank. I look forward to the round-table portion of this hearing and will be glad to respond to any questions that you have.

CHIEF O. AFOLABI
CHAIRPERSON
CRIME AND DRUGS TASK FORCE
SAVANNAH AREA ADVISORY COUNCIL
11TH CONGRESSIONAL DISTRICT

TESTIMONY FOR FIELD HEARING
STRATEGIES FOR ECONOMIC GROWTH
SAVANNAH AND THE SAVANNAH RIVER REGION
WEDNESDAY, DECEMBER 15, 1993

Thank you for your presence. Welcome to Savannah. I am Chief Afolabi, Chairperson of the 11th Congressional District's Crime and Drugs Task Force for the Savannah Area Advisory Council.

I am here today, before this Congressional Hearing on Economic Growth, to share strategies for Savannah in general, but specifically for the inner-city and what has been designated the "Martin Luther King Corridor" and "Area C," in addition to the extended corridors and arteries that abound on the West, East, and South.

I thank you for this opportunity to present before you a just case for economic growth in Savannah's inner-city, and a mandate for a feasible economic plan for action. Such action is necessary so that our young inner-city men and women can optimize their American dreams.

I speak on behalf of several thousand young men and women, between the ages of 16 and 35, who want to insure that our economic prosperity will provide them a place in this ever-changing economic environment. I would like to negotiate a truce on behalf of these young people:

1. Jobs in exchange for guns;
2. Career training in exchange for crime;
3. Enterprise investments in exchange for drugs;
4. Full community inclusion in exchange for fear; and
5. Productivity in exchange for violence.

I urge that we push for a federal urban empowerment zone for inner-city Savannah. This can be made possible by Title XX social service block grants designated for empowerment zones and enterprise communities, as defined in House Bill H.R. 2264. In addition, the housing and urban development action grant (UDAG) recaptured funds with section 108 loan guarantees to fund eligible community projects designated as community development block grants (CDBGs). This would be ideally suited for the "Martin Luther King Corridor", and the inner city communities designated as "Area C." This plan would also be suitable for the outlying corridors and arteries to the west, east, and south, which includes the city of Savannah's designated eighteen CDBG target showcase neighborhoods.

Title XX Block Grants provide \$100 million over a two year period to each urban empowerment zone, and \$2.95 million to each of the enterprise communities. The amount to an enterprise community will equal 1/95 of \$280 million, multiplied by the proportion of the enterprise community population. The 1990 census for the inner-city Savannah was 57,686. (See Demographic Data)

My proposed "Inner-City Youth Enterprise Incentives 2000" program will provide business and technical skills to young men and women ages 16 to 35 in the inner-city. These skills will be reinforced with appropriate training, management, and supervision to operate and own, as joint partners in community based service enterprises, requiring moderate skills and short term apprenticeships. These community enterprises should consist of moderate capital loan investments with comparative capital gain, minimal interest, market feasibility, tax incentives, and non-personalized collateral.

Savannah has several excellent academic, technical, and trade institutions which have the capabilities to implement essential preparatory and tutoring programs as well as support services, in addition to their existing curriculums. IAs well, these programs can be augmented with contracted services from the Small Business Assistance Corporation and the Savannah Minority Business Development Center.

The cooperative efforts of local, state, and federal entities can circumvent, modify, or expedite procedural policies for timely implementation of this program.

In spite of the economic growth forecast for Savannah and Georgia with predictions of 3.5% growth in the gross state product in 1994, the predicted sales growth for the 1996 Olympics, the increase of nearly 90,000 new jobs statewide, or the development of new industries and businesses in Savannah, the high unemployment rate for Savannah's inner-city will continue to escalate, and so will the crime rate. Therefore, it is important that we focus our attention on establishing successful economic programs for our inner-city youth.

In conclusion, when our young men and women are working legitimately in a honest business within our own communities, it benefits the entire community by significantly reducing crime and violence. Congress, once again I ask you to negotiate a simple truce on behalf of our youth. Let us all communicate in earnest. Inner-city youth enterprises is our hope and our opportunity to reclaim our community. I thank each and everyone of you for hearing our concerns.

INNER CITY SAVANNAH*

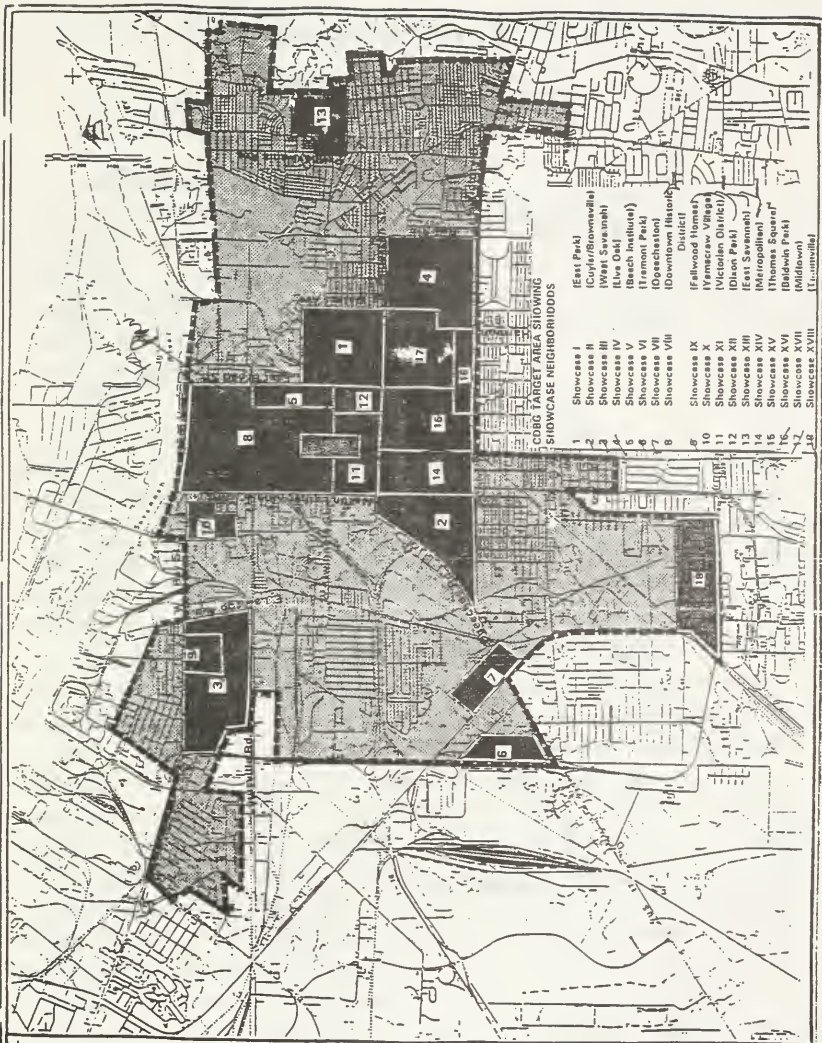
CATEGORY	NEIGHBORHOOD NUMBER	NEIGHBORHOOD PERCENTAGE	CITY EQUIVALENT
DEMOGRAPHIC DATA			
Total Population	57,686	100%	100%
Persons Per Household	2.75	---	2.55
Race			
White	9,218	16.0%	47.0%
Black	48,018	83.2%	51.2%
Gender			
Male	25,927	44.9%	47.2%
Female	31,759	55.1%	52.9
Age Group			
0-4	5,460	9.5%	8.1%
5-19	14,487	25.1%	21.9%
20-64	29,555	51.2%	56.3%
65 +	8,184	14.2%	13.7%
Per Capita Income	\$7,077	---	\$10,978
Total Households	20,948	100%	51,890
Female-Headed Households with Children	3,619	17.3%	11.4%
Married Households with Children	2,897	13.8%	19.4%
One-Person Households	5,786	27.6%	29.0%
Persons 16 to 19 years - (not enrolled in school) unemployed or not in labor force	612	16.7%	11.9%
Persons in the labor force 16 years and over - unemployed	2,965	12.4%	7.8%
High school graduate or higher	Not Available	Not Available	70.0%

CATEGORY	NEIGHBORHOOD NUMBER	NEIGHBORHOOD PERCENTAGE	CITY EQUIVALENT
HOUSING CONDITIONS			
Total Substandard Housing Units	10,350	44.1%	29.3%
Total Housing Units	23,486	100%	55,651
Standard Units	13,136	55.9%	70.7%
Minor Substandard Units	3,651	15.6%	12.9%
Moderate Substandard Units	4,706	20.0%	12.3%
Major Substandard Units	1,299	5.5%	2.7%
Dilapidated Units	694	3.0%	1.4%
Substandard Vacant Residential Structures	1,064	5.8%	3.1%
COMMERCIAL STRUCTURE CONDITIONS			
Total Commercial Structures	792	100%	2,130
Total Substandard Commercial Structures	240	30.3%	23.0%
Standard Structures	552	69.7%	77.0%
Minor Substandard Structures	66	8.3%	7.7%
Moderate Substandard Structures	129	16.3%	12.1%
Major Substandard Structures	23	2.9%	2.0%
Dilapidated Structures	22	2.8%	1.2%
Substandard Vacant Commercial Structures	106	0.6%	0.4%
PROPERTY MAINTENANCE			
Littered and/or Overgrown Residential Yards	2,509	14.7%	7.5%
Littered and/or Overgrown Commercial Properties	160	20.2%	9.5%
Littered and/or Overgrown Vacant Lots	379	52.4%	44.6%

CATEGORY	NEIGHBORHOOD NUMBER	NEIGHBORHOOD PERCENTAGE	CITY EQUIVALENT
PUBLIC SAFETY			
Total Crimes Against Persons	1,127	100%	1,702
Homicide	19	1.7%	1.5%
Rape	76	6.7%	7.3%
Robbery	618	54.8%	60.2%
Aggravated Assault	414	36.7%	31.0%
Crime Rate for Crimes Against Persons (per 1000 Residents)	18.4	---	12.6
Total Crimes Against Property	5,298	100%	10,202
Arson	39	0.7%	0.6%
Burglary	1,741	32.9%	28.6%
Larceny	2,484	46.9%	53.6%
Auto Theft	1,034	19.5%	17.2%
Crime Rate for Crimes Against Property (per 1000 Residents)	86.3	---	81.1

Sources: 1990 Census of Population, 1993 Responsive Public Services Program Report.

* The boundaries of Inner City Savannah are shown on the attached map.

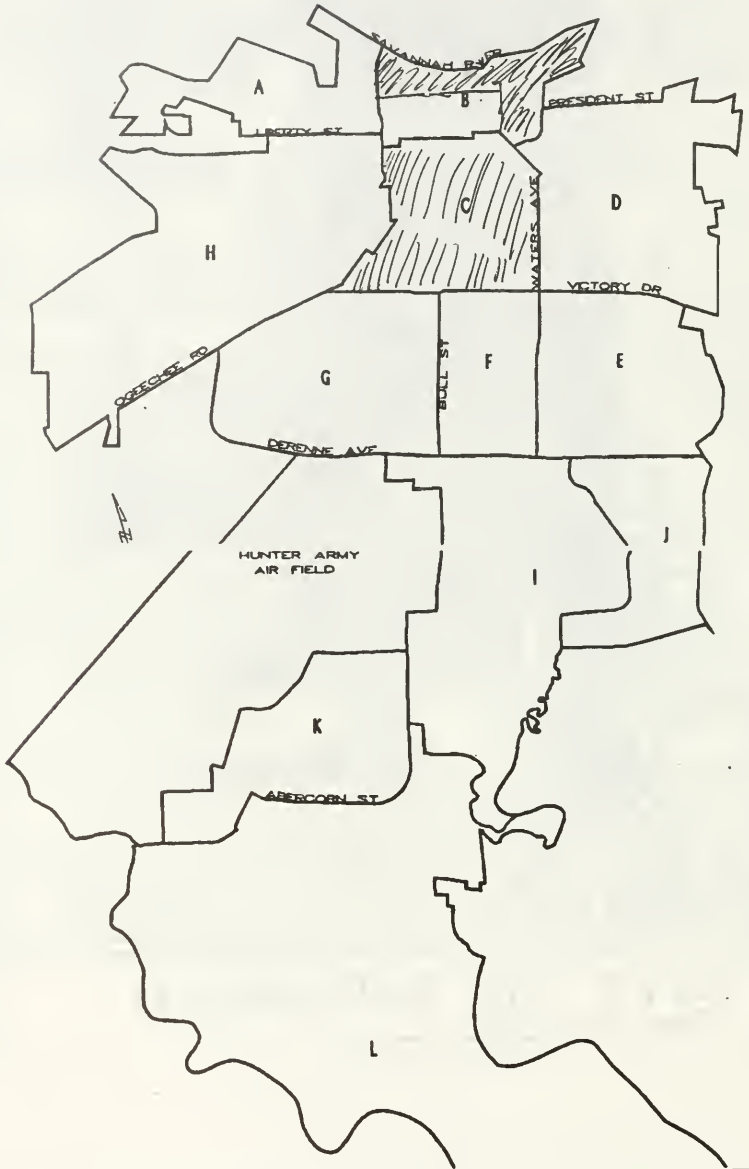


- CDRC TARGET AREA SHOWING
SHOWCASE NEIGHBORHOODS
- 1 Showcase I (East Park)
 - 2 Showcase II (Cuyler/Brownville)
 - 3 Showcase III (West Savannah)
 - 4 Showcase IV (Live Oak)
 - 5 Showcase V (Beach Institute)
 - 6 Showcase VI (Tramont Park)
 - 7 Showcase VII (Ogechastee)
 - 8 Showcase VIII (Doric)
 - 9 Showcase IX (Fallwood Homes)
 - 10 Showcase X (Yamacraw Village)
 - 11 Showcase XI (Victorian District)
 - 12 Showcase XII (Dixon Park)
 - 13 Showcase XIII (East Savannah)
 - 14 Showcase XIV (Midtown)
 - 15 Showcase XV (Thomas Square)
 - 16 Showcase XVI (Ingle Park)
 - 17 Showcase XVII (Midtown)
 - 18 Showcase XVIII (Linwood)

CITY OF SAVANNAH

Prepared by Bureau of Public Development
Department of Neighborhood Planning & Community Development

POLICE SERVICE AREAS



DRAFT #8, January 14, 1994

COUNTY-CITY AGREEMENT FOR
DRUG ENFORCEMENT ACTIVITIES

THIS AGREEMENT, made and entered into this _____ day of _____, 1993, by and between CHATHAM COUNTY, a political subdivision of the State of Georgia, hereinafter referred to as "County" and the MAYOR AND ALDERMEN OF THE CITY OF SAVANNAH, a municipal corporation chartered under the laws of the State of Georgia, hereinafter referred to as "City."

: W I T N E S S E T H :

enforcement activities. The planning process will be a continuous activity that allows operations to respond to changing conditions. An analytical component that includes a computerized database of identified drug locations and suspects will ensure that planning and decision-making are based on adequate information about drug trafficking suspects and locations.

15. Geographic Coverage Assurances. The County will ensure that program planning and the implementation of operations are geographically dispersed or concentrated in a manner which aims to be consistent with the measured geographical distribution of illegal drug activity. In recognition of the data that suggests that 85 to 90 percent of all illegal drug activity in the County occurs in the City, the County agrees to allocate 85 to 90 percent of the enforcement efforts of the Drug Unit (on an hourly manpower allotment method computed monthly) to those areas within the City which offer the greatest targets of opportunity as determined by the Drug Unit Commander's interpretation of the Drug Unit Analyst's report. The Drug Unit Commander will concentrate his/her initial unit response (at least 50 percent of his/her hourly manpower allotment) to area "C" as designated by the City, until analysis reveals that drug related activity has been reduced or shifted to another area. The Drug Unit Commander will keep the City and County appropriately informed as to any shifts in concentrations of manpower or any change in geographical areas of attention.

Savannah Morning News.

Established 1850

FRANK T. ANDERSON

Publisher

WALLACE M. DAVIS

Executive Editor

THOMAS S. BARTON

Editorial Page Editor

REXANNA K. LESTER

Managing Editor

Weed and Seed — and Feet

SAVANNAH has a wonderful opportunity to be part of a unique national drug and crime eradication program — if it submits a proposal. But the city has dragged its feet on drafting the plan and is endangering its eligibility. City leaders would be wise to get on the ball and be a little more aggressive in securing a potentially valuable asset.

The city is seeking to have a portion of Area C, an inner-city neighborhood, designated by the U.S. Department of Justice as a Weed and Seed area. The program is designed to weed out criminals with a massive, multi-agency law enforcement effort and seed in economic incentives and better living conditions. It's innovative and worth trying.

But the application for the program has yet to be completed, and Jay Gardner, U.S. attorney for the Southern District of Georgia, says it should have been submitted sooner. In a July 15 letter to Mayor Susan Weiner, Mr. Gardner wrote that he was bowing out of the program and blasted the city for its tardiness.

"I am not willing to clutter up this time with unproductive activity," he wrote. "When the city reaches the point that it wants to proceed, please advise me . . . I have now reached the point of total frustration."

It is disturbing that the city apparently hasn't shown 100 percent enthusiasm for Weed and Seed, and it's unfortunate that it has alienated a key federal official involved with the program.

City Manager Don Mendonsa said he regretted the delay and that the proposal will be completed "within the next few days." Let's hope so.

At stake is not just the city's image, or its access to future federal grants. The biggest winners if Savannah is accepted to Weed and Seed are the residents of Area C. Participating in the program would signal to them that the community cares about their plight, and it would be a unique chance to improve their lives.

City leaders must make Weed and Seed a priority and push hard for acceptance of the program.

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The Crime Collaborative

SAVANNAH'S Crime Control Collaborative was formed in 1991 to address the city's growing crime problem. Its diverse 34-member panel of representatives of law enforcement and social agencies was to examine social and economic conditions that may affect crime and make recommendations to the City Council.

It was a good idea then, and it is a good idea now. But 18 months after the collaborative's inception, there are questions about the city-run collaborative's effectiveness — and its future.

Members of the City Council intend to scrutinize the group's record before approving more funding for it. There are complaints that the collaborative, which has a \$126,000 budget, has spent much of its time and money on meetings, with few tangible results.

In the collaborative's defense, it is not easy to quickly mobilize 34 people in one direction. The group suffered a setback last year when then-chairman Bill Megathlin resigned. It had to wait nine months for a director to be hired.

The collaborative did implement one worthy program: a juvenile curfew. Effec-

tive July 1, all juveniles under age 17 must be off the streets by 11 p.m. on weeknights and midnight on the weekend to avoid being picked up by police.

They would be returned home or, if no adult is present, would be taken to Greenbriar Children's Center and their families would be referred to social services.

Bureaucracies sometimes address a problem by creating more bureaucracies. That is an easy way to bury an issue. The collaborative must not be allowed to become another bloated government committee that is long on talk, short on action and wasteful of public funds.

Eighteen months may be too soon to pass judgment on a group formed with such lofty goals and promising potential. Crime prevention is too important for the city to quickly dismiss what could be a key resource.

On June 24, the collaborative will go before the City Council to announce its goals and objectives and ask for more money in the next budget year. For its part, the panel must present specific ideas with realistic timetables for completion.

The council, as policy-makers and holders of the purse, must provide a fair hearing and pin down the group on its agenda.

Hot Drug Spots In City Mapped

By TOM ROSE *JUNE 11-'83*
Staff Writer

The drug traffic at Whitaker and 39th streets got so heavy at times this year that Thel Murphy had to shoo away dealers from the stoop of her beauty salon.

"They (the drug dealers) didn't scare me so much because I knew a lot of them who grew up around here," said Miss Thel, as Murphy is known to her clients and neighbors. "But many of my customers have told me they stopped coming because they were afraid."

It came as no surprise to Murphy that the neighborhood made the new list of Savannah's 10 most prominent drug selling areas. The salon owner estimated that the presence of dealers has cost her several dozen customers.

The list of drug hot spots is included in a proposal that the city take over countywide drug enforcement duties from Chatham County's Metro Drug Squad. The City Council deferred discussion of the proposal at Thursday's City Council meeting until July 8.

It is the first published report on the 10 highest drug areas since 1989, when a city report on the drug epidemic gave the city's first listings.

Murphy's neighborhood — where her shop has stood since 1967 — is one of three areas that are new to the list. The other two are the areas surrounding West Gwinnett Street between Stiles and Magazine avenues and Reynolds Street between 36th and 38th streets.

In addition to the list's new areas, some known drug markets have moved slightly. The 1989 report listed the area surrounding Paulsen and East 38th streets as a drug spot, while the new report shows peddling has shifted several blocks to Waters Avenue and East 37th Street.

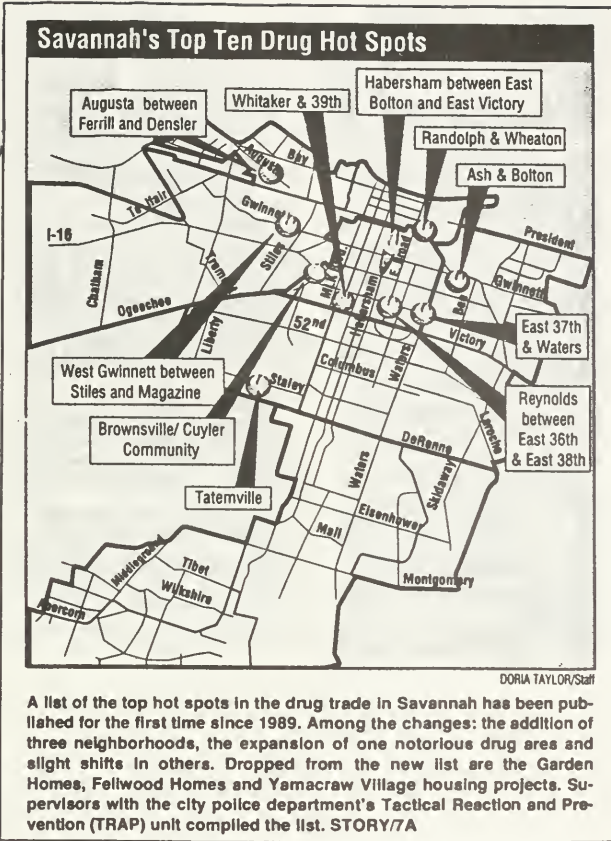
One drug area around Habersham and Henry streets, generally referred to as the "Hazard County" area, has been expanded. Now it includes the area surrounding Habersham in a 19-block stretch from East Bolton Street to East Victory Drive.

Dropped from the new list are the Garden Homes, Fellwood Homes and Yamacraw Village housing projects.

Supervisors with the police department's Tactical Reaction and Prevention (TRAP) unit compiled the list, basing their evaluations on arrest data and drug surveillance work.

The top 10 areas also can change within months, especially if drug agents come down hard on dealers at certain corners.

"When the pressure is put on these areas, the same group (of dealers) may go one block up and over," said TRAP Sgt. Dean Fagerstrom.



Study Paints Bleak Picture For Youth Area Performance To Be Measured

By MELISSA ALEXANDER

Staff Writer

Borrowing on the phrase that it takes a whole village to raise a child, youth advocates said Wednesday that Savannah has not succeeded as a parent.

And for black children, the picture is particularly bleak.

"If we don't come together to take care of the children, I don't want to be an old person in the village," said Otis Johnson, director of the Youth Futures Authority.

Youth Futures released its "1993 Children's Profile," the second such look at children in the Chatham County area. The report's results were announced at the same time as a release of Georgia Kids Count, an annual look at the health of children in the state.

"What you have is a very sobering look," Johnson said. "At least I

hope it's a sobering look."

The data in the Youth Futures report will be used as a benchmark to measure the performance of children's workers in Chatham County. Additionally, groups seeking funding from Youth Futures will be judged on the basis of their ability to address an issue in the report, Johnson said.

Among the findings:

- The infant mortality rate — calculated by the total number of infant deaths in relation to the total live births — increased from 14 in 1991 to 16.3 percent in 1992.

That figure was worse for babies born to black mothers and to teenagers.

- The leading cause of death for children aged 10-19 in Chatham County is motor vehicle accidents,

■ See YOUTH, Page 11A

Youth

Continued From Page 1A

although homicide is the leading cause of death among black youths.

■ Of all race-sex groups, black males represented the highest percentage of overage students at grade 6. That figure reflects children at least one grade level behind their peers.

■ Suspension rates for black students were higher in several grade levels. For example, in grade 8, 30.5 percent of black males and 23.4 percent of all black females compared to 20.9 percent for white males and 8.2 percent for white females.

■ Alcohol and drug abuse was up among teens. The substance abuse unit at Tideland has seen 57 teens in residential treatment in 1992, up from 20 in 1992, and 63 were seen in outpatient treatment, up from 50 last year.

"Our children are in pain," said Zelda Tenenbaum, a board member of Georgians for Children, the non-profit group that compiled the Georgia Kids Count book, which is separate from the "1993 Children's Profile," but which contained similar information.

"It's going to take a long time to undo what it took us a long time to create," Tenenbaum said. "The hour is late, and the job is tremendous."

Still, the state - and county - has made some progress in improving care for children.

In Chatham County, the number of women who received prenatal care increased, the number of babies with low birthweights (babies born under five and a half pounds) decreased, child abuse reports were down and the rate of teen-age pregnancy declined.

In Georgia, according to the Kids Count report, improvements were seen in the number of low birthweight babies, infant deaths, high school completion, and kindergarten retention.

However, births to teens increased, as did teen-age violent deaths and the number of juveniles committed to state custody.

Such statistics contribute to Georgia's national rank of 47th on issues related to children, up from 50th a couple of years ago, according to Georgians for Children.

"What that says is we're making small steps but we need to be making larger steps," said Wendy Jacobson, a Georgians for Children staff member.

Georgia Infant Mortality Rates by District

Health District	Rate 1988-92	Rate 1992	% decline in rate 1992 vs. 1988-1992	% decline in rate 90 vs. 92
Lawrenceville	7.7	5.3	-31.2%	-41.1%
Cobb-Douglas	8	5.9	-26.3%	-37.9%
Waycross	12.4	9.2	-25.8%	-7.1%
Albany	12.9	9.7	-24.8%	-29.7%
LaGrange	10	7.8	-22.0%	-13.3%
Augusta	13.1	10.5	-19.8%	-26.1%
Fulton	13.6	11.2	-17.6%	-22.8%
Columbus	13.7	11.3	-17.5%	-26.6%
Brunswick	12.5	10.4	-16.8%	2.0%
Clayton	12	10	-16.7%	-29.6%
Macon	14.5	13.4	-7.6%	-14.6%
Dublin	15.6	14.5	-7.1%	-16.2%
Rome	10.7	10	-6.5%	-22.5%
DeKalb	12.5	11.8	-5.6%	-8.5%
Athens	12.1	11.7	-3.3%	-6.4%
Dalton	8.7	8.5	-2.3%	-1.2%
Gainesville	9.1	9.1	0.0%	-4.2%
Valdosta	12.1	13.2	9.1%	-19.0%
Savannah	14.3	16.3	14.0%	35.8%
State	11.7	10.1	-13.7%	-18.5%

Rise Seen In Infant Mortality

Savannah Area Bucks Trend; Rates Down In Most Of State

By JAMES SALZER
Morning News Service

ATLANTA — While the historically high rate at which Georgia infants die before their first birthday has been on the rise for the past two years, it has skyrocketed in Savannah, health officials said Monday.

Local health officials puzzled over bad showing/8A

State statistics show infant mortality rates dropped in 17 of the state's 16 health districts between 1990 and 1992.

But rates increased slightly in the Brunswick district, which includes Bryan, Camden, Glynn, Liberty, Long and McIntosh counties. And rates rose faster in the Savannah district, which includes Chatham and Effingham counties, than anywhere else in Georgia, officials said.

Dr. Virginia Galvin, director of the state Department of Human Resources Division of Public Health, said she's not sure why the Savannah district's infant death rate shot up 35 percent.

At 16.3 per 1,000 births, with 71 deaths in 1992, it was the highest in the state.

"It's obviously something we're

Dr. Roger Rochat, the state's perinatal epidemiologist, predicted the coastal Georgia rates would decline next year and said the 1992 figures might be a kind of statistical aberration.

grams as in our other areas." Dr. Roger Rochat, the state's perinatal epidemiologist, predicted the coastal Georgia rates would decline next year and said the 1992 figures might be a kind of statistical aberration.

Georgia has long had the highest infant mortality rates in the country, ranked 49th in the nation in 1990, with only Washington D.C. having a higher rate.

Comparable national figures aren't yet available for 1992. DHR officials said Monday that the death rate declined from 12.4 per 1,000 births in 1990 to 10.1 percent in 1992.

The national average in 1990 was 9.3. But the improvement means that 207 fewer infants died in Georgia in 1992 than in 1990.

Infant

Continued From Page 1A

In 1992, 110,899 babies were born and 1,124 died before the age of one. In 1990, there were 112,625 babies born and 1,391 died before the age of one.

"I think what we're seeing is the result of several years of effort," said Dr. Robert Green, acting health director of the state health agency.

"This is a widespread phenomenon," Galvin said. "The decreases have not just been in metro Atlanta, there have been decreases in rural areas as well."

Among the districts that saw improving infant mortality rates were: ■ Augusta, which had its infant mortality rate drop 28 percent to 10.5 per 1,000 births.

■ Waycross, where the rate fell 7.1 percent to 9.2 per 1,000 births. ■ Valdosta, whose rate plummeted 15.1 percent to 11.7 per 1,000 births. ■ Dalton, where the rate declined 22.8 percent to 11.3 percent.

The infant mortality rate climbed 3 percent in the Brunswick district to 10.4, with 45 deaths in 1992.

The lowest rate in the state is in the northern Lawrenceville district, where only 5.3 babies died.

The mortality rate for babies born in Georgia declined from 18.4 per 1,000 births in 1990 to 15.5 in 1992, and in white babies from 8 per 1,000 births to 7.1.

Galvin listed several reasons for the drop in infant mortality rates, including programs to provide income for pregnant women and new mothers with home visits by nurses, the expansion of Medicaid coverage to more Georgians, the Womans, Infants and Children nutrition program; and the state's prenatal treatment services that are serving an increased number of poor women.

"Though there may be other factors, we believe statistics show that these programs are starting to pay off," she said. "I think 'bur data shows that we are doing some of the right things."

With a push from Gov. Zell Miller, Medicaid, which is medical coverage for the poor, was expanded as of July 1 to include pregnant women and infants in families with incomes at 150 percent of the federal poverty level. That's \$1,960 for a family of three.

DHR officials said the most common cause of infant mortality is low birth weight, and that many of the factors are preventable, such as smoking and other substance abuse during prenatal care.

By contrast, babies born to women who receive prenatal care are twice as likely to survive to age one as are babies born to women who do not get checkups, DHR officials said.

The other leading causes of infant mortality are birth defects and Sudden Infant Death Syndrome.

Venereal Diseases High But Gradually Declining In State

By **AUDREY D. McCOMBS**

Staff Writer

Chatham County ranked 13th highest in the state's 1992 gonorrhea figures by counties, with about 750 cases per 100,000 population, according to the Georgia Department of Human Resources.

About 1,646 cases of the disease were treated in Chatham County in 1992, according to the figures.

"We have a problem, but gonorrhea and syphilis in Georgia altogether are down," said Alan Eckles, director of Disease Monitoring and Control, a new program at the Chatham County Health Department that began July 1.

Eckles said the aim of the program is to monitor sexually transmissible diseases in Chatham and Effingham counties.

Chatham County was 30th highest among the 150 counties in syphilis statistics, according to the Human Resources report. About 280 cases, or 130 cases per 100,000 people, were reported in 1992 in the county.

The Chatham County Health Department keeps combined sexually transmitted disease statistics for Chatham and Effingham counties, Eckles said.

For the two counties combined, about 853 fewer cases of gonorrhea and 76 fewer cases of syphilis were treated in both counties in 1992, Eckles said, noting most of the cases occurred in Chatham County.

"We always have a goal for a smaller number of cases in the new year than in the past fiscal year," Eckles said, attrib-

■ See DISEASES, Page 8A

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Continued From Page 1A

uting patient education as one reason for the declining incidents of the diseases in Chatham and Effingham counties.

Georgia still ranks No. 1 nationally for syphilis and gonorrhea, although fewer cases have been reported in the past few years, said Dr. Lynne Feldman, acting director of the 14-county Southwest Health District, which includes Terrell County, the county with the state's highest syphilis rate.

Meanwhile, Liberty County ranked fifth in the state with 107 cases of gonorrhea per 100,000 population.

About 500 cases of the sexually transmitted disease were treated in 1992 in Liberty County, according to the state figures.

Liberty County has a population of only 54,022, according to 1991 census figures, but when the formula the state used to calculate the 1992 figures is applied, the county end up in the top five category for gonorrhea.

"We take the total number of cases, divided by the population and multiplied by 100,000 to get figures," said Billy Bray, a human service program specialist at the Georgia Department of Human Resources.

Liberty County ranked 92nd in number of cases of syphilis in the state, with only 16 cases reported.

In other rankings for incidents of

syphilis in the state, Bulloch County ranked 66th with 22 cases reported, Tattnall County ranked 74th with seven cases reported, Wayne County ranked 105th with four cases reported, Bryan County ranked 121st with one case reported, and Effingham County ranked 125th with one case reported.

Long County had no known cases of the disease in 1992, according to the statistics.

For gonorrhea, Wayne County ranked 50th with 71 cases reported, Bulloch County ranked 89th with 51 cases reported, Tattnall County ranked 102nd with 15 cases reported. Both Effingham and Bryan counties reported zero cases of the disease and fell out of the rankings.

News 8/10/93

p. 6A

Savannah Health Officials Left Wondering Why

By MELISSA ALEXANDER
Staff Writer

Savannah is losing the state war against infant mortality, and local health officials aren't sure why their tactics aren't working.

"It's disconcerting to us that the data shows our programs aren't working," Dr. Diane Weems, deputy health director of the Chatham-Effingham health district, said Monday.

Although many local health programs focus on reducing infant deaths, a study released Monday found the Savannah health region - which includes Chatham and Effingham counties - to have the worst infant mortality rate in the state.

The Brunswick region, which includes Bryan, Camden, Glynn, Liberty, Long and McIntosh counties, also fared poorly in the study, which compared rates from 1990 to 1992.

In Chatham-Effingham, about 16.3 babies died per 1,000 births in 1992, a 35.8 percent jump from about 11 deaths per 1,000 in 1990.

The Savannah area has traditionally had a higher infant mortality rate than other parts of the state, a trend that disturbs and baffles health officials trying to improve the percentage.

"It's an area of grave concern," Weems said. "It appeared in the late 80s that our rates were decreasing, but then in '91 and '92, it started creeping up again."

In the late 1980s, the health department focused attention on

trying to get increased prenatal care for pregnant women. Those programs are now in place, but many women still don't get proper health attention before giving birth.

"It's not that the services are not there, but it's getting the people to the services (that is a problem)," Weems said.

The Chatham County Health Department sponsors a program for infant mortality called Healthy Start. Unlike many federally funded Healthy Start programs nationwide, the Savannah program receives funding from the March of Dimes.

That means a much lower budget, about \$50,000 annually - compared to about \$500,000 spent in other areas of the country.

Thus, local health officials must do more with less money in trying to combat an astronomical infant mortality rate possibly brought on by several factors, Weems said.

"We have a significant number of folks living in poverty and there's a correlation between that and infant mortality," she said.

Among the other factors associated with infant mortality in Savannah are a large number of drug users and a majority African-American population - two groups disproportionately affected by infant mortality.

Also, infant mortality is traditionally higher in urban areas, where state programs are often more difficult to implement, Weems said.

Georgia's Health System Needs Shot in the Arm

GORGIA LEADS THE NATION AND MUCH of the industrialized world in infant deaths, a major indicator of a larger problem. As University of Georgia sociologist Doug Hachtel put it, "If you have a lot of babies dying, there are a bunch [more] who aren't doing too well."

Neither is Georgia's health-care system. At the root of the state's ills is its infant-mortality rate, as well as the high cost of saving the ones who are born very sick. The price of keeping critically ill infants alive for even a few weeks can quickly escalate into hundreds of thousands of dollars — and taxpayers frequently pick up the tab.

One-third of Georgia's infants are born to Medicaid recipients, 38 percent of whose benefits are paid by the state, but this government entitlement program accounts for only part of the huge bills these tiny babies run up. The rest comes through cost-shifting by medical providers and insurance companies.

The prognosis for Georgia's health-care system?

Unless we address the traditional practice of providing only crisis health care to many of our citizens — of paying thousands of dollars to keep low birth weight babies in incubators because their mothers didn't have prenatal care that would have cost a few hundred dollars, for example, health-care costs will continue to skyrocket. In a society that spends 37 percent of its gross national product on health care, the ramifications are wide-ranging, says Insurance Commissioner Tim Ryles, who advocates state reforms that focus on preventive care.

"We are witnessing a dramatic transfer of wealth from all other sectors to the health-care sector," says Ryles. "The consequence for business is that money it would like to spend on investment and expansion is being soaked up by health-care costs."

Even companies that elect to drop medical coverage for their employees are affected — both because they risk losing valuable workers to businesses that do provide coverage and because they're still stuck with the tab for worker's compensation.

Ryles points out that businesses in the Atlanta area spend about \$3,600 per year per employee for health-care coverage, a figure that by the end of the decade will reach about \$12,000 per employee if present trends continue.

Georgia's other No. 1 ranking is in the incidence of sexually transmitted diseases (STD), primarily syphilis, gonorrhea and chlamydia. We have hovered around seventh in the nation in both numbers and rate of AIDS and HIV cases since recording of the epidemic began almost a decade ago. That's about 7,000 people with AIDS to date,

some 2,500 of whom are still alive, and estimates are that approximately 40,000 Georgians are infected with HIV, 25,000 of whom don't know it.

In a country where being black too often means being poor, Georgia has the fifth-highest number of black residents and the fourth-highest percentage of blacks among the 50 states. The health issues for these residents, who are getting younger as a whole while their white counterparts are increasingly elderly, tend to be things like prenatal care, childhood diseases and trauma. These are balanced against the health concerns of the aging white population — heart disease, cancer and Alzheimer's disease, to cite a few.

Historically, Georgia has had a much lower rate of health-care professionals per population than the national average. In 1990, for example, there were 156 doctors per 100,000 Georgia residents, compared to the U.S. rate of 223 per 100,000, and lower than the 191-per-100,000 rate recommended by the U.S. Department of Health and Human Services. But if you look at rural vs. urban areas of the state for the same year, city dwellers had 193 doctors per 100,000 population, while rural Georgia had only 91 per 100,000.

Even in areas of high physician supply, Georgia's poor and elderly often lack access to adequate medical treatment, particularly preventive care. Only 65 percent of the state's physicians accept Medicaid, for one thing. And only the 20 percent of

Georgians below the poverty level qualify for Medicaid. This is true despite the fact that Georgians receive some \$2.7 billion in Medicaid benefits each year.

State officials estimate that 1.3 million of Georgia's 6.5 million residents have neither Medicaid coverage nor health insurance, and that the state spends about 35 cents of every health-care dollar on uncompensated care.

Georgia's come a long way since the 1940s, when 80 percent of the population didn't graduate from high school, but the legacy of being poor, rural and undereducated remains.

"We've made tremendous strides in the past 25 years," says Hachtel, who is a professor in UGA's College of Family and Consumer Sciences, "but other states have made even more tremendous strides. We have to run twice as fast to catch up."

Access to medical care — particularly to the kind of preventive maintenance

that can ward off serious health problems — requires money, and Georgians have had generally lower incomes than other Americans. Because a large part of the state is rural, access is further limited, contributing to higher levels of disease and injury from occupations like farming and pulpwooding.

At least equally important are attitudes that incline one to place importance on things like checkups and proper diet. That inclination traditionally has not prevailed in this state, which likely contributes to the state's ranking in incidence of cardiovascular disease. Georgia is 36th (when No. 1 means the least amount of disease) among the 50 states.

Georgia's high percentage of young, single mothers is another major problem. A recent study by Roger Rochat, perinatal epidemiologist for the state Division of Public Health, indicates that family structure — more than prenatal care, smoking or race, which all are significant influences — may be the biggest factor in whether an infant survives its first year.

If you separate the state's infant deaths by race, the mortality rate for black infants is 18.3 per 1,000 live births, compared to 7.4 for whites, with an overall rate of 11.4. But Rochat says his findings indicate that whether a father's name appears on the birth certificate is the single biggest indicator of a baby's chances for survival.

Still, Rochat emphasizes that lack of prenatal care and smoking are two controllable factors that contribute to low infant birth weight, the biggest reason for infant deaths.

The financial bottom line, says Jane Carr, executive director of Central Health Center, an Atlanta clinic operated by the Presbyterian Church, is that women who don't go to a doctor early in their pregnancies often give birth prematurely, to mentally or physically impaired infants whose care is astronomically expensive.

Similarly, says Carr, a former director of the state's Office of Infectious Diseases, there's been a recent resurgence of babies born with congenital syphilis because the mothers — many of them part of the state's 1.3 million uninsured — are not screened for the disease. The test costs between \$12 and \$15, the drugs to treat syphilis about \$20, but there isn't enough money to do the screening routinely, Carr says. Yet if a baby is born with syphilis, its treatment can cost thousands of dollars.

"With preventive medicine, the cost would be cheaper in the long run," she says. "If we would concentrate the spending on the front end, it would prevent these outrageous situations."

When former Gov. Joe Frank Harris' Access to Health Care Commission found in 1989 that the biggest barrier to health care for Georgians was money, one of its recommendations evolved into a mission for Insurance Commissioner Ryles: Find a way to make health insurance affordable, to insure the uninsured — those with pre-existing medical conditions — and to bring increases in the cost of health insurance, now two-and-a-half times the normal rate of inflation, under control.

He responded with the Georgia Basic Health Care Plan, a benefits plan that covers minor surgery, primary-care visits, hospitalization, preventive exams and immunization. There are caps on the coverage, which is available to adults for \$74 a month and to children for \$36 a month. The plan went into

effect April 1. It is offered at present only through Blue Cross-Blue Shield in the Atlanta and Columbus areas and through Master Health Plan, a health maintenance organization (HMO) in the metropolitan areas of Augusta, Savannah and Albany.

Interest in the plan has been intense. Blue Cross-Blue Shield and Master Plan each got more than 700 calls the first day or so after the plan was announced. Officials estimate that 100,000 people will take advantage of the plan by the end of the year, and that ultimately it could take 400,000 from the 1.3 million uninsured pool.

Next on Ryles' agenda was the Georgia Reform Insurance Plan, now under consideration by the General Assembly. GRIP, as it is called, is more inclusive and offers three forms of coverage — basic, intermediate and major medical.

GRIP's "Cadillac" major medical plan would cost about 25 percent less than similar plans. And GRIP would open up all kinds of possibilities for small-business people who would like to cover their employees.

But even Ryles' best-case scenario leaves out many Georgians who can't afford even the basic benefit plan, which would cost more than \$200 a month for a family of four. These people, says Jane Carr, "will continue to do what they've done in the past — get no preventive care and show up in the emergency room when they're really sick."

Carr contends the only reasonable solution is a national mandate, such as the Clinton administration's to provide health care for everybody. "We need a system that guarantees everyone access to basic health care — not a liver transplant, but basic preventive medicine."

It could be done, with a managed-care system, for the same amount the government spends now, Carr believes. The key is to adopt the motto, "Try the conservative approach first."

For this approach, which Carr calls "putting the art back into medicine," to work, there would have to be medical malpractice reform (limits on awards that could be made and much more clearly defined standards of care) and a change in the profit incentive so that it is not attractive to hospitals and physicians to do unnecessary tests. There would have to be more restrictions on physicians' referring patients to organizations in which they have a financial interest.

UGA's Bachtel suggests that streamlining the delivery of health care could be a valuable economic development tool for Georgia. "We're going to have to start being neighbors," he says. "The medical community must start extending itself to the business community and vice versa."

Bachtel proposes, for example, that a city or county could work with local health-care providers to develop a cost-effective health-care plan for industry. Such a plan could be a magnet to industrial growth, he says, particularly in view of a report that says General Motors spends some \$1,200 of each car's purchase price on its workers' health care. The comparable figure for a Japanese car is about half that.

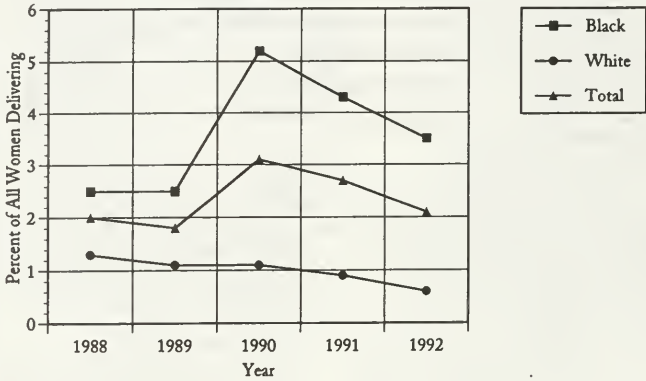
Such a plan, he says, favors communities that have the necessary facilities and professionals, and those that have good leadership. "This won't just happen," he says. "Somebody will have to come in and kick butt." □

DATA BANK

- Georgia leads the nation in infant deaths.
- The state has the fourth-highest incidence of cardiovascular disease.
- 1.3 million Georgians have neither Medicaid nor private insurance.

YOUTH FUTURES AUTHORITY *1993 Children's Profile*

Women Receiving Inadequate Prenatal Care by Race



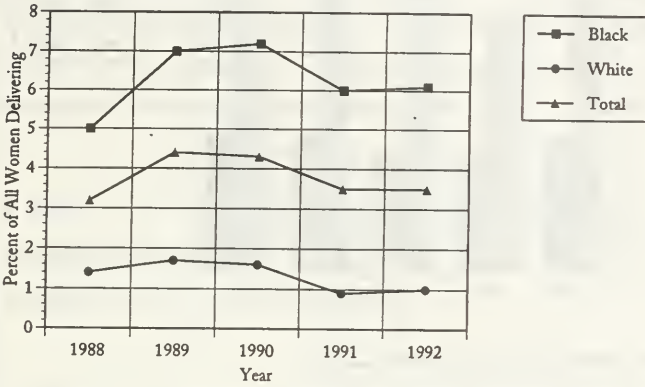
	Black	White	Total
1988	2.5	1.3	2
1989	2.5	1.1	1.8
1990	5.2	1.1	3.1
1991	4.3	0.9	2.7
1992	3.5	0.6	2.1

No Prenatal Care
Figure 1

Source: Chatham County Health Department

YOUTH FUTURES AUTHORITY 1993 Children's Profile

Women Receiving Inadequate Prenatal Care by Race



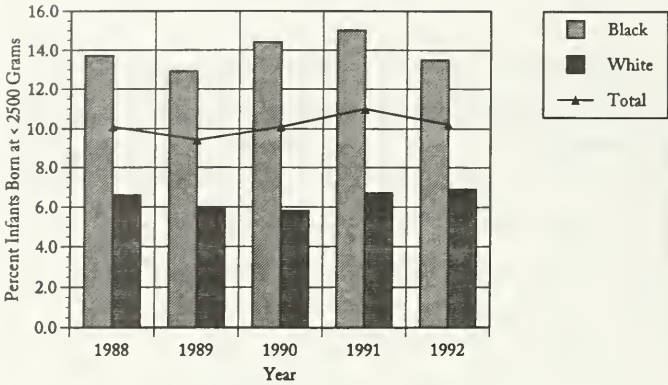
	Black	White	Total
1988	5	1.4	3.2
1989	7	1.7	4.4
1990	7.2	1.6	4.3
1991	6	0.9	3.5
1992	6.1	1	3.5

Less than 5 Prenatal Visits
Figure 2

Source: Chatham County Health Department

YOUTH FUTURES AUTHORITY 1993 Children's Profile

Low Birthweight by Race for Chatham County



Note: 2,500 grams is approximately 5½ pounds.

	Black	White	Total
1988	13.7	6.6	10.1
1989	12.9	5.9	9.4
1990	14.4	5.8	10.1
1991	15.0	6.7	11.0
1992	13.5	6.9	10.2

Figure 3

Source: Chatham County Health Department

INFANT DEATHS
BORN TO TEEN MOTHERS

1988

OUT OF A TOTAL OF 64 INFANT DEATHS, 9 WERE BORN TO TEEN MOTHERS:

14% OF MOTHERS WERE TEENS

INFANT MORTALITY RATE FOR TEEN MOTHERS - 13.6

1989

OUT OF A TOTAL OF 55 INFANT DEATHS, 21 WERE BORN TO TEEN MOTHERS:

38% OF MOTHERS WERE TEENS

INFANT MORTALITY RATE FOR TEEN MOTHERS - 31.5

1990

OUT OF A TOTAL OF 51 INFANT DEATHS, SIX WERE BORN TO TEEN MOTHERS:

12% OF MOTHERS WERE TEENS

INFANT MORTALITY RATE FOR TEEN MOTHERS - 8.4

1991

OUT OF A TOTAL OF 59 INFANT DEATHS, 20 WERE BORN TO TEEN MOTHERS:

34% OF MOTHERS WERE TEENS

INFANT MORTALITY RATE FOR TEEN MOTHERS - 28.3

1992

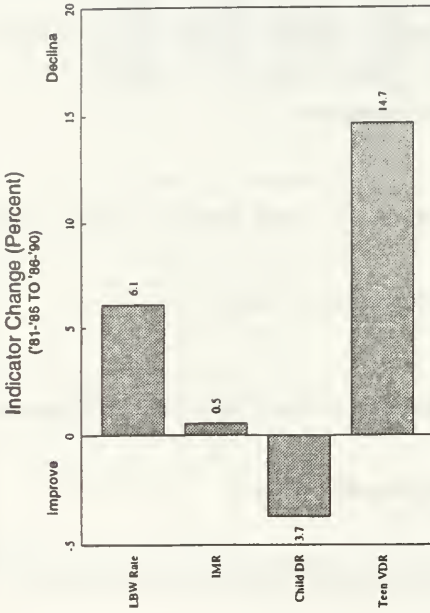
OUT OF A TOTAL OF 70 INFANT DEATHS, 19 WERE BORN TO TEEN MOTHERS

27% OF MOTHERS WERE TEENS

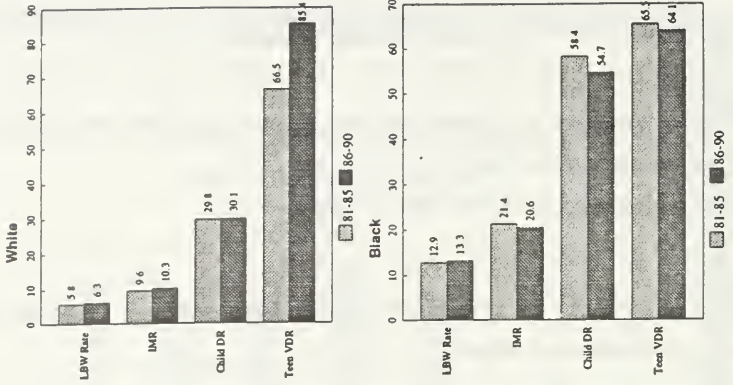
INFANT MORTALITY RATE FOR TEEN MOTHERS - 26.8

District 9.1

Child Health Indicators
Draft



Indicators, by Race



Number of Events

	1981 to 1985		1986 to 1990		Total
	White	Black	White	Black	
Births	10,941	9,115	11,289	9,881	21,399
Births to Unmarried Women	934	6,003	1,418	6,178	7,612
Low Birthweight Births	634	1,172	713	1,310	2,037
Infant Deaths	105	197	302	204	320
Child Deaths	41	65	107	62	105
Teen Violent Deaths	37	28	43	25	68

District 9.1

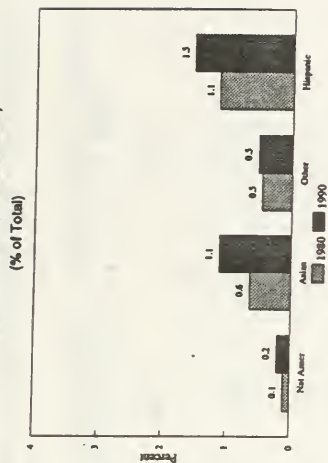
Child Population Data, 1980 and 1990 Censuses

Race	1980	1990	% Change
White	36,252	35,335	-2.5
Black	29,227	28,709	-1.8
% Black	44.1	44.0	
Nat/Amer	69	136	97.1
Asian	426	733	72.1
Other	308	348	13.0
Total	66,282	65,281	-1.5
Origin			
Hispanic	762	1,009	32.4

Number and Percent of Children (<18) Living in Poverty ('79 & '89)

Year	White		Black		Total	
	Number	Percent	Number	Percent	Number	Percent
1970	3,410	9.5	12,607	43.5	16,135	24.6
1989	3,238	9.3	12,219	43.3	15,613	24.3

Minority Populations (other than Black)



Definitions:

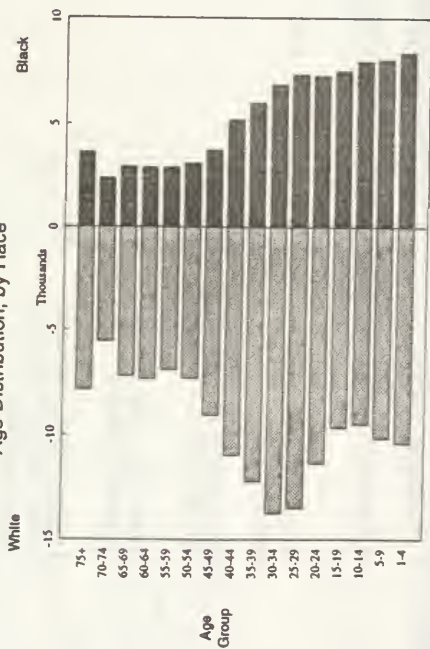
- LBW Rate = Low Birthweight Rate (%)
- IMR = Infant Mortality Rate (per 1000 births)
- Child DR = Child (ages 1 to 14) Death Rate (deaths per 100,000 child-years)
- Teen VDR = Teen (ages 15 to 19) Violent Death Rate (deaths per 100,000 teen-years)
- Teen BR = Teen (15 to 17) Birth Rate (per 1000)
- % Poverty = % Children (<18) Living in Poverty

Acknowledgements:

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- Georgia Department of Human Resources
- Office of Public Health Practice,
- Emory University School of Public Health
- The Kids Count Project,
- Georgians for Children

Age Distribution, by Race



Background Data

CHARACTERISTICS, PREGNANCY, PARENTING, AND FAMILY CARE: DEMOGRAPHIC CHARACTERISTICS BY LEVEL IN SCHOOL

CHARACTERISTIC	MIDDLE SCHOOL (N = 2324)	HIGH SCHOOL (N = 1880)	HIGH SCHOOL SENIORS (N = 830)
<i>Most of friends have had sex</i>	32%	50%	60%
<i>Have or plan to have first child before age 21</i>	13	9	8
<i>Have had family life/sex education courses</i>	N/A	52	66
<i>Learned most information about birth control from school courses</i>	33	39	35
<i>Need more information about AIDS</i>	22	19	13
<i>Have had sex</i>	38	54	66
<i>Had unprotected sex the last time</i>	21	24	22
<i>Have been/gotten someone pregnant</i>	6	9	11
<i>Have had/fathered a child</i>	5	5	7

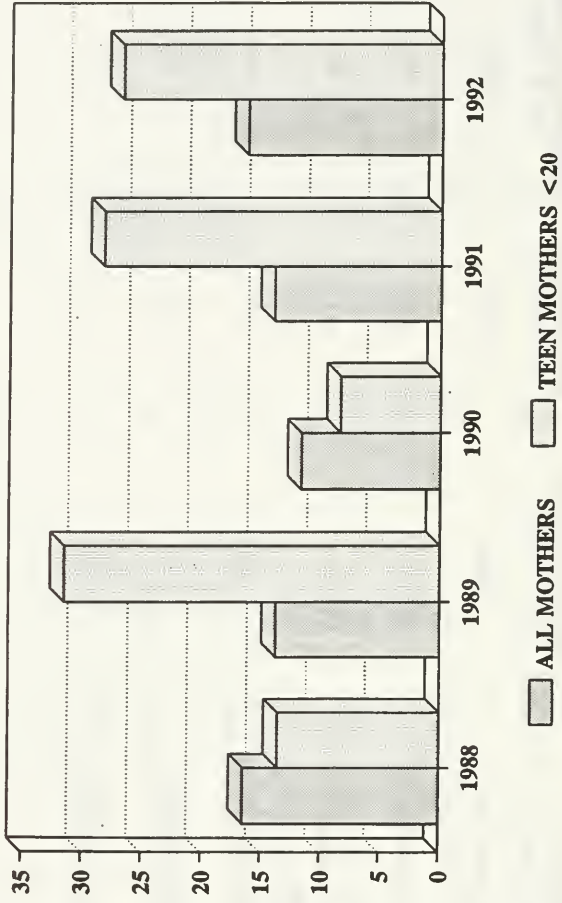
PREGNANCY AND BIRTH CONTROL: CHARACTERISTICS OF SEXUALLY ACTIVE STUDENTS BY LEVEL IN SCHOOL

<u>CHARACTERISTIC</u>	<u>MIDDLE SCHOOL</u> (N = 889)	<u>HIGH SCHOOL</u> (N = 1008)	<u>HIGH SCHOOL SENIORS</u> (N = 548)
Used birth control the first time had sex	43%	56%	63%
Used birth control the last time had sex	43	55	66
Have had family life/sex education courses	N/A	54	67
Need more information about AIDS	22	22	16
Have been/gotten someone pregnant	16	16	16
Have had/fathered a child	12	9	10

NOTE: Base for this table consists of those students who have had sex.

***1990-1991 New Futures Surveys, Savannah**

INFANT MORTALITY RATES TO TEEN MOTHERS CHATHAM COUNTY, 1988-1992



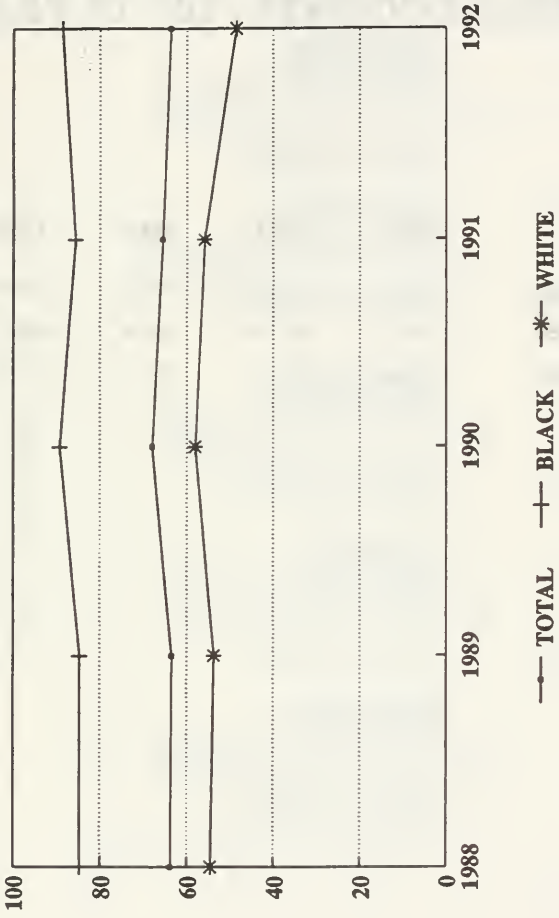
INFANT MORTALITY, CHATHAM COUNTY
NEONATAL AND POST-NEONATAL BY RACE

	TOTAL		NEONATAL			POST-NEONATAL			
	TOTAL	BLACK	WHITE	TOTAL	BLACK	WHITE	TOTAL	BLACK	WHITE
1988	16.5	21.8	11.6	10.8	15.6	6.3	5.7	6.2	5.3
1989	13.8	14.9	13.0	8.0	10.5	5.7	5.8	4.5	7.3
1990	11.7	16.7	6.8	7.8	11.8	3.9	3.9	4.9	2.9
1991	14.0	20.8	6.6	10.4	14.2	6.6	3.6	6.6	0.0
1992	16.3	22.1	10.9	11.3	16.5	5.8	5.3	6.0	4.8

INFANT MORTALITY RATES
CHATHAM COUNTY
1982-1992

<u>YEAR</u>	<u>RATE</u>	<u>WHITE</u>	<u>BLACK</u>
1982	13.5	8.6	19.5
1983	14.8	9.2	21.3
1984	17.8	14.5	21.8
1985	14.7	8.8	20.9
1986	17.7	9.3	27.5
1987	17.6	10.1	26.2
1988	16.5	12.1	21.3
1989	13.8	13.0	14.9
1990	11.7	6.8	16.7
1991	14.0	6.6	20.8
1992	16.6	10.6	22.4

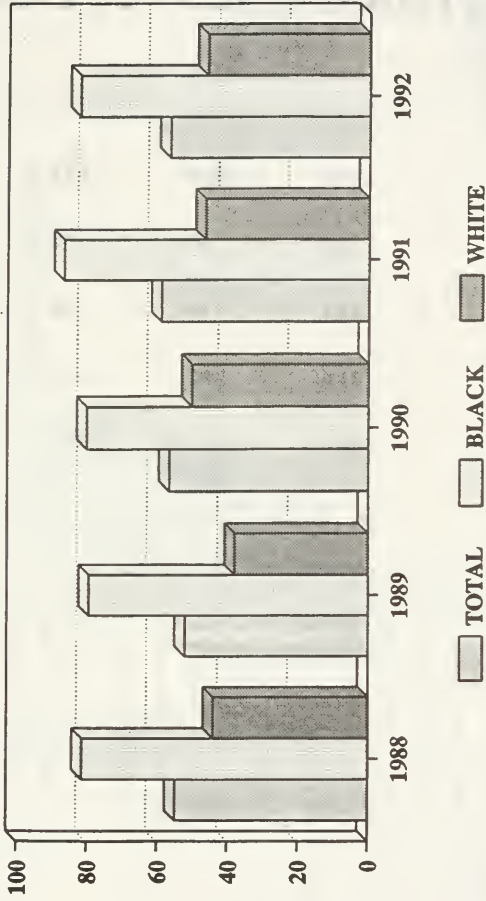
TEEN PREGNANCY RATES BY RACE CHATHAM COUNTY, 10-19 YEARS OF AGE



TEEN PREGNANCY RATES BY RACE CHATHAM COUNTY, 10 - 19 YEARS/AGE

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
TOTAL	63.8	63.5	68.0	65.6	63.7
BLACK	84.7	84.7	89.3	85.7	88.7
WHITE	54.5	53.7	58.0	55.9	48.5

TEEN BIRTH *RATES BY AGE AND RACE CHATHAM COUNTY, 1988-1992 15-17 YEARS OF AGE

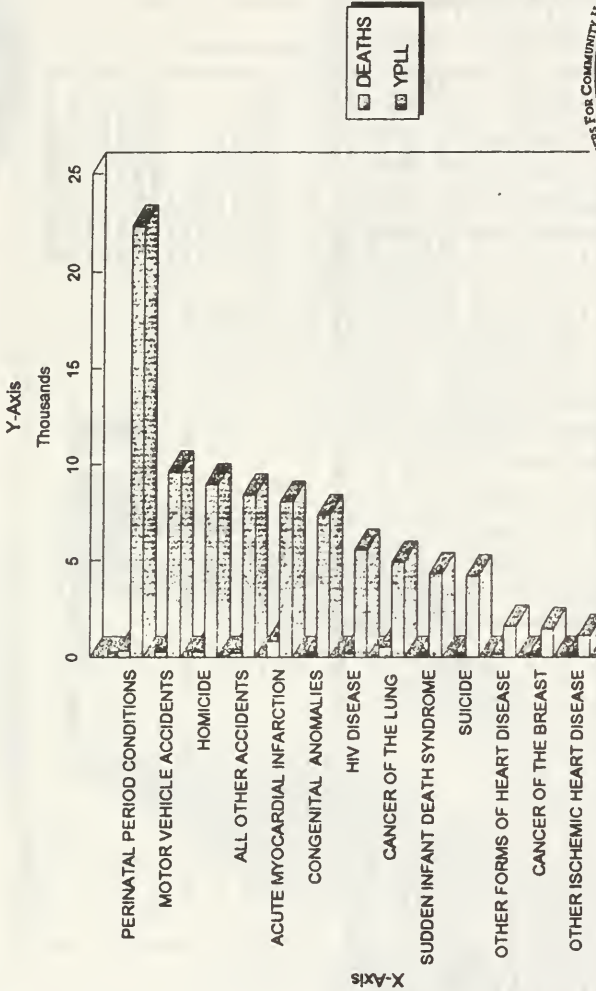


* $\frac{\text{TOTAL LIVE BIRTHS IN AGE GROUP}}{\text{TOTAL FEMALE POPULATION IN AGE GROUP}} \times 1,000$

**LIVE BIRTHS BY MOTHER'S AGE
CHATHAM COUNTY, 1988 - 1992**

<u>AGE</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
10-14	22	27	25	29	33
15-17	261	242	259	272	264
18-19	380	397	427	406	412
20+	3220	3313	3404	3137	3257

YEARS OF POTENTIAL LIFE LOST-(YPLL)

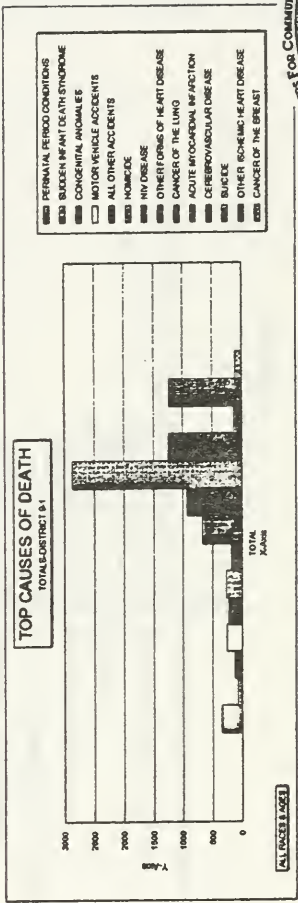


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TOP CAUSES OF DEATH FOR DISTRICT 9-1
 BY SEX AND RACE—ALL LIFESTAGES
 YEAR: 1998-1992

CAUSE OF DEATH:	BLACK MALE					BLACK FEMALE					WHITE MALE					WHITE FEMALE									
	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
PERINATAL PERIOD CONDITIONS	119			125		16					49					11					11				
SUDDEN INFANT DEATH SYNDROME	17			20		18					11					22					4				
CONGENITAL ANOMALIES	53			17		20					72					3					13				
MOTOR VEHICLE ACCIDENTS	5	11		6	21						0	30	112			6									
ALL OTHER ACCIDENTS	7	17	64	7	5						8	22	77												
HOMICIDE	20	191		5	43																3				
HEART DISEASE	82				20						57														
OTHER FORMS OF HEART DISEASE	81	200			3	82	325														4				
CANCER OF THE LUNG	163										248	440													
ACUTE MYOCARDIAL INFARCTION	203	353				172	421																		
CEREBROVASCULAR DISEASE	219					70	321																		
DIABETES						7	92														2	24			
OTHER ISCHEMIC HEART DISEASE											111	491													
CANCER OF THE BREAST																									
TOTALS	168	7	37	337	387	772	162	12	14	63	254	1087	97	8	20	228	719	1558	92	8	5	49	337	1824	928



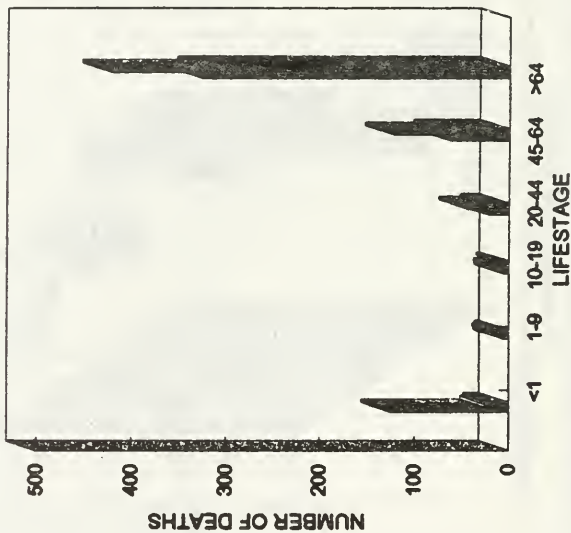
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TOP CAUSES OF DEATH

ALL LIFESTAGES

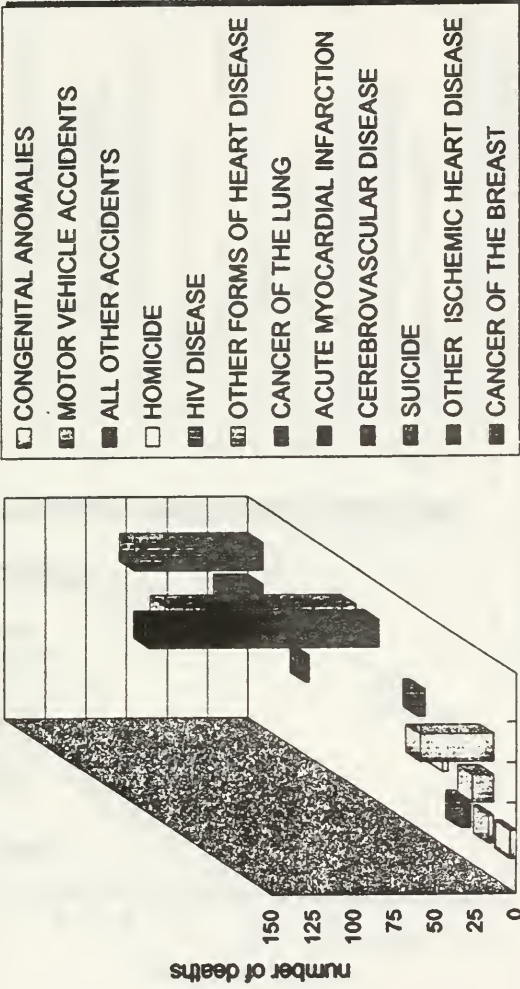
- PERINATAL PERIOD CONDITIONS
- SUDDEN INFANT DEATH SYNDROME
- CONGENITAL ANOMALIES
- MOTOR VEHICLE ACCIDENTS
- ALL OTHER ACCIDENTS
- HOMICIDE
- HIV DISEASE
- OTHER FORMS OF HEART DISEASE
- CANCER OF THE LUNG
- ACUTE MYOCARDIAL INFARCTION
- CEREBROVASCULAR DISEASE
- SUICIDE
- OTHER ISCHEMIC HEART DISEASE
- CANCER OF THE BREAST



BLACK FEMALE

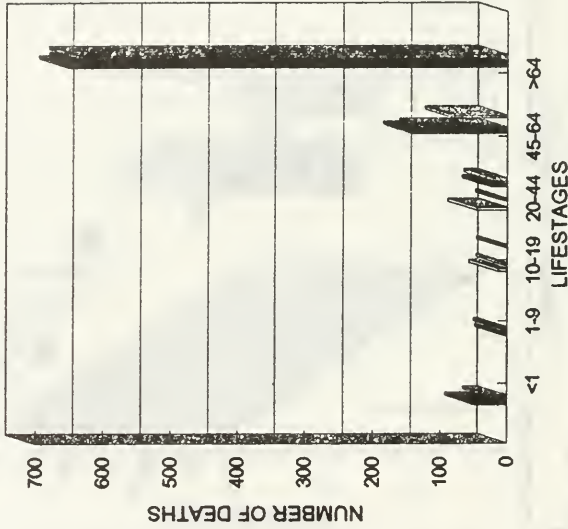
top causes of death-white female

lifestages 1-64, inclusive



TOP CAUSES OF DEATH

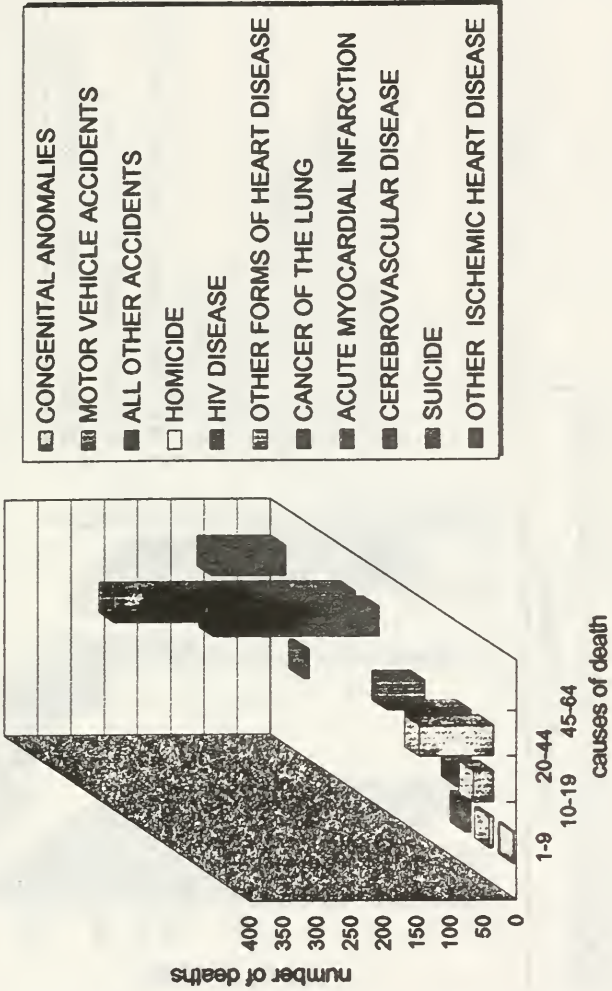
ALL LIFESTAGES



WHITE FEMALE

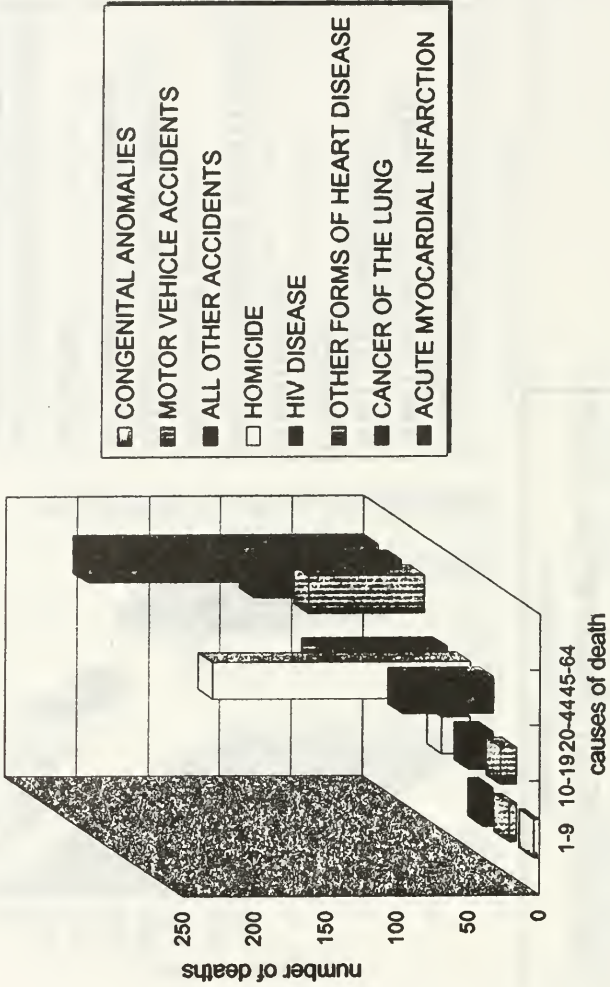
top causes of death-white male

lifestages 1-64, inclusive



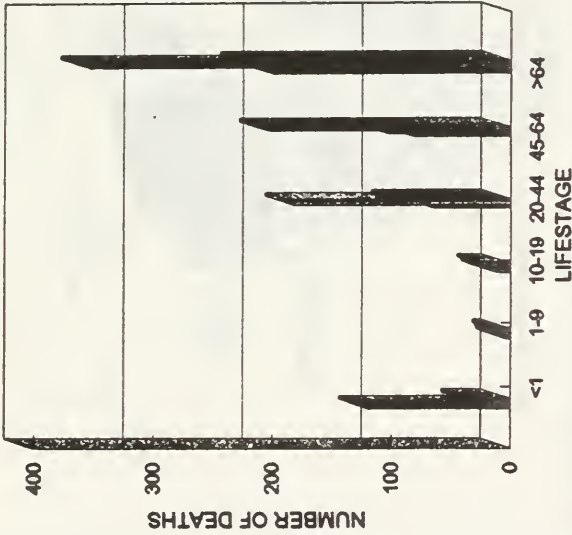
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lifestages 1-64, inclusive



TOP CAUSES OF DEATH

ALL LIFESTAGES

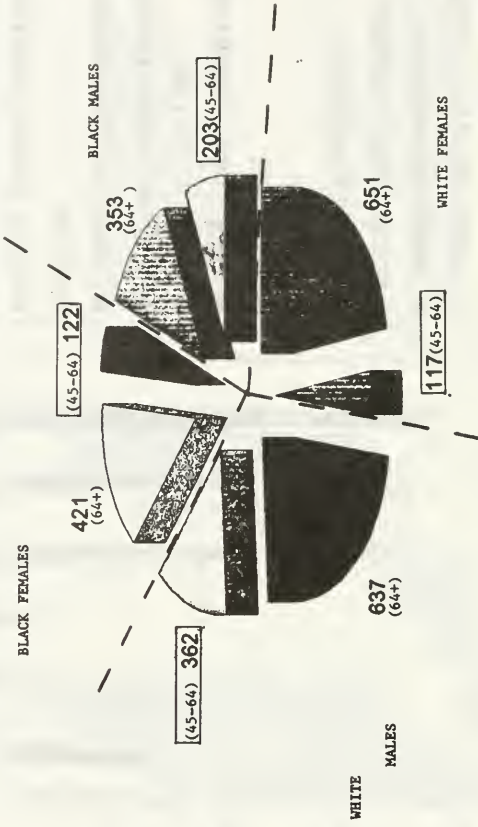


BLACK MALE

- PERINATAL PERIOD CONDITIONS
- SUDDEN INFANT DEATH SYNDROME
- CONGENITAL ANOMALIES
- MOTOR VEHICLE ACCIDENTS
- ALL OTHER ACCIDENTS
- HOMICIDE
- HIV DISEASE
- OTHER FORMS OF HEART DISEASE
- CANCER OF THE LUNG
- ACUTE MYOCARDIAL INFARCTION
- CEREBROVASCULAR DISEASE
- SUICIDE
- OTHER ISCHEMIC HEART DISEASE
- CANCER OF THE BREAST

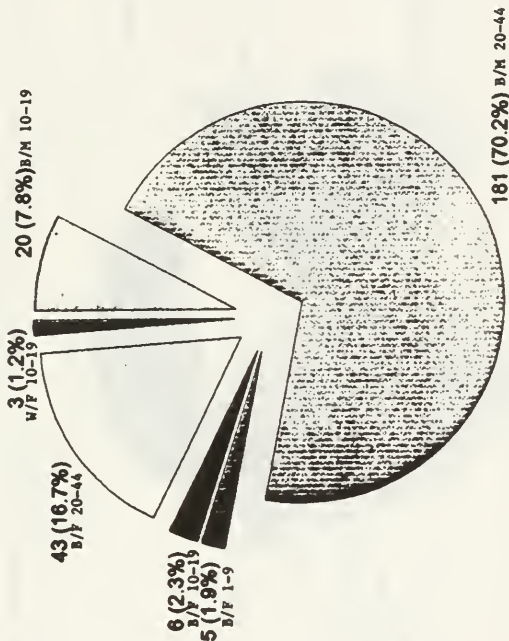
ACUTE MYOCARDIAL INFARCTION

DISTRICT 9-1



BY SEX AND RACE--ALL LIFESTAGES
boxed numbers represent 8040 YPLL

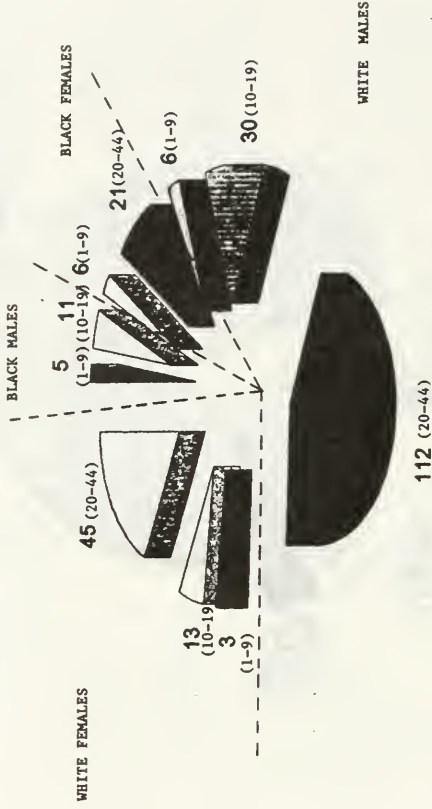
**HOMICIDE
DISTRICT 9-1**



**DEATHS FOR ALL RACES/SEX
REPRESENTS 6918 YPLL**

MOTOR VEHICLE ACCIDENTS

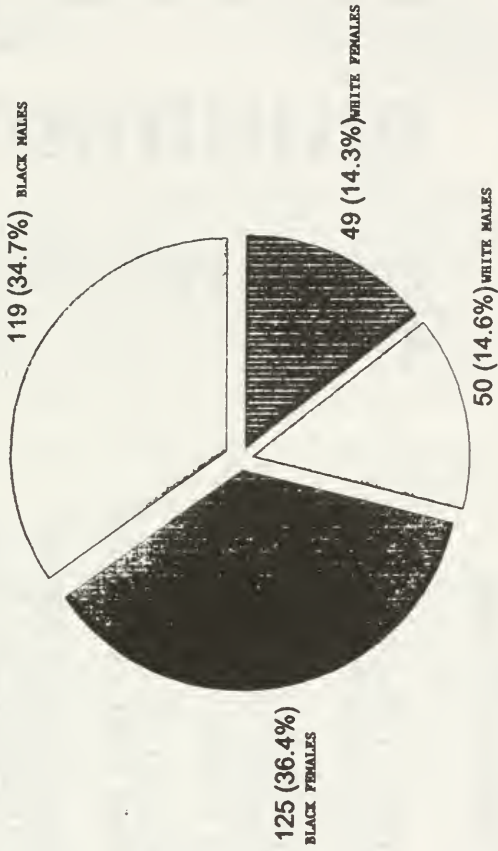
DISTRICT 9-1



BY SEX AND RACE--ALL LIFESTAGES
REPRESENTS 9596 YPLL

PERINATAL PERIOD CONDITIONS

DISTRICT 9-1



DEATHS BY RACE AND GENDER

DISTRICT 9-1
 YEARS OF POTENTIAL LIFE LOST-(YPLL)
 FOR YEARS 1983 TO 1992
 TOTAL- ALL SEX/RACE GROUPS

<u>DISEASE</u>	<u>DEATHS</u>	<u>YPLL</u>
PERINATAL PERIOD CONDITIONS	343	22295
MOTOR VEHICLE ACCIDENTS	252	9596
HOMICIDE	258	8918
ALL OTHER ACCIDENTS	213	8392
ACUTE MYOCARDIAL INFARCTION	804	8040
CONGENITAL ANOMALIES	114	7345
HIV DISEASE	173	5536
CANCER OF THE LUNG	490	4900
SUDDEN INFANT DEATH SYNDROME	66	4290
SUICIDE	125	4162
OTHER FORMS OF HEART DISEASE	146	1580
CANCER OF THE BREAST	100	1462
OTHER ISCHEMIC HEART DISEASE	111	1110
CEREBROVASCULAR DISEASE	70	700

NOTE: THESE FIGURES WERE ARRIVED AT BY USING THE MIDDLE AGE
 OF EACH LIFESTAGE (i.e. lifestage 1-9=5 years, 10-19=15 years, etc.)

FORMULA: 65 years - age at death x number of deaths = YPLL


BURKE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Jerry C. Long, Executive Director

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 706-554-2923 • FAX 706-554-7091

Keysville, Georgia is located in Burke County, which is only 25 miles from Augusta, the second largest metropolitan area in Georgia. Burke County is made up of 832 square miles and is the second largest county in the state. The largest industry in the county is agri-business and farming. Burke County is also home of one of the largest nuclear power plants in the nation. During the construction phase, 13,500 people were employed making this one of the largest construction projects in the nation. Plant Vogtle now employs 1200 permanent employees. The percentage of taxes paid by utilities in Burke County make the taxes paid by the citizens of Burke County some of the lowest in the state. Also, several new industries have located in Burke County in the past several years.

In spite of all these good things that are happening in Burke County, there is still a long way to go and many problems to deal with. The illiteracy rate in Burke County is 33 to 35% even though we have some of the finest public school buildings in the southeast. Because of the high illiteracy rate, it is still difficult to attract high paying jobs.

Some areas of Burke County have been behind Waynesboro, Sardis and Midville in their development. For example, Keysville, located in the northwest part of the county with an approximate population of 400 people has only recently obtained running water. They have also in the last four years, had city elections for a mayor and city council. This was very important as their selection for mayor, Mrs. Emma Gresham, had the vision to bring the city and people of Keysville a great distance in only a few years. The city of Keysville now has a city office, running water, fire department and EMA, recreation department and an adult literacy program. Keysville is attacking their problems straight on. The outcome of this vision and hard work will be the groundwork for a more literate community and the attraction of industry in the future.

The little city of Keysville is not only the talk of Burke County but also the talk of Georgia!

PRESENTATION BEFORE THE SUBCOMMITTEE
ON ECONOMIC GROWTH AND CREDIT FORMATION
Field Hearing on Strategies for Economic Growth
Savannah and the Savannah River Region

by Joe Murray Rivers, Jr.
District 2, Board of Commissioners of Chatham County

Thank you Committee members, fellow speakers, ladies and gentlemen. In today's headlines, we often read about competition. The notion of competition in regions became elevated to a new level in Mercedes-Benz' decision to locate in Alabama despite notable offers from communities in Georgia, South Carolina and North Carolina. As the competition for economic opportunities becomes keener, the more urgent the need becomes for removing those liabilities that stand as roadblocks to their consideration. While the stakes are seldom as high as in the Mercedes plant location, the purpose should be the same. Our goal in the Savannah River Region should be to increase the odds that we can compete at the highest levels for the economic opportunities that we as a region desire.

Competitiveness remains a cornerstone of every economic opportunity. When we speak of economic growth within the Savannah River region, we must realize that its prosperity depends on the prosperity of all segments of the community. Within the Savannah River region, minorities share disproportionately in the economic well-being of the region. Per capita income, effective buying income and business ownership for minorities lag significantly behind their counterparts within the region. Allow me to offer a few recommendations on how to improve the competitiveness of minority participation in the region's marketplace.

First, the use of designations for disadvantaged business enterprises and women business enterprises should be separated for record-keeping purposes. This will help ascertain the true share of minority business enterprise programs. These are necessary to create jobs, particularly for minority residents, add

economic vitality and raise the level of competition, particularly in urban areas.

Second, the U.S. Department of Commerce should accept a more proactive role in grants for disparity studies. Such studies provide a rationale approach to overcome the disadvantages caused by historical and present discrimination against minorities in business. Without these programs, the integration of minority business enterprises into the economic mainstream will be forever hampered. Hence, the inability to compete at the same level as others over the long-term. As a footnote, Chatham County government plans to undertake a disparity study.

Third, more capital should be available for minority and small business ventures. Lack of access to markets in growth industries restrict participation in the area's economy. Helping to overcome this will require increased funds through Community Development Corporations. It would also prove valuable to make available funds repaid from CDC loans to become working capital for other loans in particular with a percentage allocated for minority and other disadvantaged communities.

Other roadblocks must be removed to ensure the region's competitiveness. As our community has discovered with its road program, in particular because of the Port of Savannah's dependence upon a viable highway network, roads are the lifeblood of economic development. Despite the community's reaching a near \$1 billion commitment in road projects, some projects require a regional perspective. To ensure the area's competitiveness, funds should become available for the full development of the Savannah River Parkway. Of the 152-mile development highway, which would extend from Savannah to Sylvania and Waynesboro to Augusta, less than 30 miles are completed. Without the four-laned developmental highway, the Savannah River area remains at a competitive disadvantage when competing for economic growth as a region. And, while we're imagining our future competitiveness, consider how the development of a high-speed rail service that links us to the Atlanta region would bolster our ability to compete.

Competitiveness also means that we must invest in our local communities. For example, the federal government should be applauded for its recent investment of office space for the U.S. Marshal's Service and others on Broughton Street. Let's hope that keen sense of the downtown as the signature of a community will be realized in a plan to locate the U.S. Postal Service in the same vicinity. Not only do such investments in the community set the pace for immediate economic benefits but also put in place a structure that will pay off enduring dividends.

In closing, when the focus becomes a region and its economy, the public and private sectors are often mentioned in separate terms. In reality, they are interdependent and intersect as partners to form the region's path to progress. Only by recognizing how the elements of regional policy-making fit together can we marshal the future this region desires. We must realize the issues that face us as a region in the coming years and beyond can be resolved, but they will require all of us, individually and jointly, to make a commitment. Community involvement and support of programs that local governments develop will be the key to our future. If we do not become involved as the issues present themselves today, no opportunity will become available in the future to correct them.

Thank you.

STATEMENT OF

WILLIAM R. TOOLE, P.E.

Chairman of the Savannah River Regional Diversification Initiative

CONCERNING

Strategies for Economic Growth
Savannah and the Savannah River Region

BEFORE THE

Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
The Subcommittee on Economic Growth and Credit Formation

December 15, 1993

Statement by the
Chairman of the Savannah River Regional Diversification Initiative
to the
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
Subcommittee on Economic Growth and Credit Formation

Background

Mr. Chairman, Congressman Fields, Congresswoman McKinney, staff and other distinguished guests, thank you for allowing me to participate in today's hearing on economic growth strategies for Savannah and the Savannah River Region.

I am Rick Toole, P.E., President of W.R. Toole Engineers, Inc., a consulting engineering, and land surveying firm in Augusta, Georgia. As a private sector professional, I have spent a great deal of time committed to the long term growth and success of my community and the region. Through these efforts, I have been involved with both private sector and public sector economic development efforts as well as public-private partnerships designed to enhance local economic initiatives. As a result of my direct interaction with these agencies, I have become aware of many of the problems experienced by the various initiatives in dealing with various federal agencies and programs. Briefly, these problems include lack of financial resources, lack of coordination between federal agencies, excessive paperwork, and a debilitating regulatory environment.

In general, a lack of adequate resources and capital for emerging and incubator businesses, particularly those related to high technology activities is a serious shortfall in our business stimulation packages today. Although small businesses comprise a majority of base employment in the United States, it is painfully apparent that seed monies for the creation of new business and industry, particularly in the emerging fields of environmental technologies and health sciences, is not available. This problem is also apparent in the general business sector where an entrepreneur wishes to apply new technologies and/or processes to more traditional business problems.

Additionally, many businesses and industries are thwarted from federal assistance by the lack of coordination between the various agencies. Whereas specific business ventures may be extremely well suited for grants and/or assistance by a specific agency program, the identification of this program through the maze of various

federal agencies is extremely difficult. If the appropriate agency can be identified for federal assistance, small businesses are typically overwhelmed by the morass of paperwork required to solicit, obtain and maintain federal assistance. The timely completion of the required paperwork necessitates an inordinate demand on physical and human resources available to the small enterprise, quite often to the detriment of other business functions.

Finally, the regulatory environment in which small enterprises must operate to satisfy agency criteria for federal assistance often precludes many small businesses from participating in what would otherwise seem to be beneficial federal programs.

Today's hearing and the emphasis on strategies for economic growth are very timely with current changes in administration policies and their impact on local communities. Through my work with the various local initiatives in Georgia and South Carolina, I have had the opportunity to work with Economic Development Administration Extension Agencies, i.e. the CSRA Regional Development Center in Georgia and the Lower Savannah Council of Governments in South Carolina. As a result of the interaction with these agencies on various local initiatives, I have been exposed to several federal assistance programs and discussed the opportunity for new programs and strategies that may help to improve the efficient delivery of U.S. Department of Commerce, Programs. Today, I have suggestions in ten areas for methods by which federal agencies, including the U.S. Department of Commerce can improve their programs. These come from my experiences as a private sector businessman using federal programs to enhance and improve the region.

Federal Assistance Programs

1. Venture Capital

Venture capital is needed by communities to support their local entrepreneurs. Private sector funds are available to a limited degree but are scarce and supplementing them would be beneficial. However, it is extremely important that federal involvement should provide flexibility for individual communities to meet their own unique needs. Specifically, the type of project considered for funding should be determined by the local community.

2. Overall Economic Development Program of the Economic Development Administration

The Overall Economic Development Program (OEDP) of the Economic Development Administration is an excellent tool to coordinate regional economic development planning. Steps should be taken to better coordinate the OEDP to state and local planning documents so that the community uses one document to guide its economic development efforts. This same strategy may

be applied to other federal agencies, thereby streamlining business interaction with all agencies and programs.

3. Regional Office Approval

The Regional Offices of the Economic Development Administration should be given the capability to approve grant funds for projects specifically described in the OEDP. The response from the Regional Offices should be required within 90 days of submission to better meet the needs of local communities.

4. Equity Investment

Revolving Loan Funds (RLFs) capitalized by the Economic Development Administration would be powerful equity partners if allowed and urged to work with local loan funds. Taking an equity position with local equity partners would provide commitment to local projects with regional financial expertise.

5. Long Term Development Projects

Many large scale redevelopment projects require long-term commitments. The presence of a federal financial commitment of up to three years in targeted areas of low and moderate income would yield huge returns. The most important being the ability of a neighborhood or community to see a project through planning, construction, and operation.

6. Community-Sized Loans

There is a need for less stringent rules for Revolving Loan Funds making smaller loans in targeted low and moderate income neighborhoods. There is also a strong argument for establishing "special set-asides" for low and moderate income neighborhoods.

7. Business Education Loans

Direct federal funds or Revolving Loan Funds should be made available as loans for education. These loans, made to small businesses, would be for training and educating their employees to improve their capacity for advancement.

8. Economic Development Districts

There presently exist Economic Development Districts for most of the nation. There needs to be encouraged more support of these districts to address the critical needs of local communities. By having a strong tie to its member communities, the Districts will be better able to create a regional mosaic of economic development support.

9. Minority College Incubators and Entrepreneurial Training

Assistance should be given to HMCUS to deliver coordinated

programs of technology-oriented business incubation, entrepreneurialship training, as well as science and math education. This would improve career development and business assistance services that are presently available. They would also link up with other programs that share this agenda such as those in our technical schools.

10. Economic Measurement and Accountability

All agencies spending federal dollars should be given flexibility in their programs but held strictly accountable for results and for tackling the challenge of putting people to work.

Region Overview

Enhancing and supplementing these federal assistance and resource programs will result in significant impact that federal agencies have on communities throughout the United States. Today, with specific interest in economic growth and credit formation, I would like to focus your attention on the Savannah River Region and how it fits within the Southeastern United States.

There are many definitions of the Savannah River Region. Today, I would like to direct my remarks to that corridor along the Savannah River which includes Savannah and Augusta in Georgia, and Beaufort and Aiken in South Carolina.

This region represents approximately one million people and includes a diversified employment base consisting of manufacturing, service sector, education (including several schools of higher education), and local, state, and federal governmental employment. A quick look at the numbers will show that our reliance on governmental employment is high, with the accompanying strengths and weaknesses inherit in this sector. The communities surrounding military installations and Department of Defense contractors around the country have long enjoyed stability and growth which came with the federal government sectors. Each of these communities - whether or not they are on a closure list - are examining their options. Our region is no exception. Hunter/Fort Stewart in the Savannah area; the Marine Corps Air Station in Beaufort, South Carolina; Fort Gordon in Augusta and the Department of Energy's Savannah River Site in Aiken, South Carolina, are some of the significant federal employers.

In the case of the Savannah River Site, we are working proactively to offset the 2,600 reduction in force currently being carried out by the Department of Energy. If the trend continues, then employment could continue to decline. Our strategy is to support the site for new missions, while working to diversify the area.

Several local and community based initiatives have emerged

to identify new strategic economic objectives and promote programs to fulfill these goals.

Local Initiatives

Recognizing the dependence of the regional economy on defense related missions, Congressman Butler Derrick (D-SC) convened a town meeting with civic and business leaders from Georgia and South Carolina to discuss potential opportunities for securing the economic future of the area. Based on the dialogue of this town meeting, Congressman Derrick developed a concept to establish a regional economic committee focusing on the strengths of the region to develop long term economic development plans ensuring viable and sustainable economic growth. This local initiative with the support of Congresswoman Cynthia McKinney and Congressman Don Johnson, - known as the Savannah River Regional Diversification Initiative - is currently developing a strategy for expanding the mission of the Department of Energy's Savannah River Site and leveraging the physical and human resources in the region to supplement industrial and high technology business recruitment. With direct support from the Department of Energy, the Initiative has been able to secure initial funding for office facilities and staff.

Working with local economic development organizations, civic leaders, and Economic Development Administration Extension Agencies, the Initiative has the opportunity to act as a coordinating body for general economic development programs focused on those activities with broad based community support. The tremendous human and physical resources found in the region, if properly marshalled and coordinated, provide an excellent opportunity for managed economic growth with decreasing dependency on defense missions contracted by the Department of Defense and Department of Energy facilities.

In neighboring South Carolina, the Department of Energy, Westinghouse Savannah River Company, the State of South Carolina and the Aiken community have partnered to develop the South Carolina Research Campus. With primary emphasis placed on research and environmental technologies, the South Carolina Research Campus offers an exciting opportunity to capitalize on technologies developed through our federal laboratories in the growing field of environmental restoration and waste management. Although the public-private partnership utilized to develop the infrastructure for the South Carolina Research Campus represents a new and growing spirit of cooperation between federal agencies and local communities, additional federal assistance would help to carry the Research Campus past the development of infrastructure and into the creation of new jobs and business opportunities.

Case Study

In Augusta, a significant grass roots initiative is under

way that will shape and enhance economic growth in the area for years to come. This initiative involves a new center which could maximize the opportunities to build upon current technologies and to create new opportunities for more. This initiative will help U.S. competitiveness and assist in the creation of new investment and job opportunities. Recently, the center has applied for funding of a study that will determine the feasibility and ultimate results of the center, known as the Southeastern Technology Center. This Center intends to build upon current areas of expertise in the region and positively take advantage of the scientists, physicians, researchers, technologists and others employed by the Savannah River Site, Fort Gordon, the Medical College of Georgia, and other colleges and private sector entities. This center will concentrate on those technologies which are most feasible in the short and long term which the study identifies. We already realize that environmental, hydrogen, telemedicine, telecommunications and biomedical sectors have tremendous potential. This Center will be a brokerage, data base, incubator and laboratory for our region. Over time, the goal is to ensure that entities around the south will become involved, contribute to, and benefit from this Center. These entities include a cross section of agencies such as the Department of Energy, the Department of Defense, and the National Institutes of Health, state and local governments, and the private sector. The Economic Development Administration of the Department of Commerce can assist in the development of the Southeastern Technology Center and other initiatives by providing funding and other assistance to work through the maze of regulations, agencies, entities and paperwork to get to the intended goals.

Community support and enthusiasm is extremely high as we continue to identify new technologies with industrial applications and state-of-the-art technologies that will revolutionize many of our industrial processes and services. Federal assistance is needed in the short-term development of the Center to sustain this enthusiasm and promote long term industry involvement.

Closure

The United States is undergoing dramatic changes as reflected in our social, cultural, education, business, and government behaviors. As we continue to migrate from an agriculturally based economy to an information society, our limitations arise only from our minds ability to dream and design creative solutions to new challenges. From corporate America to the small business enterprise, success demands change to adapt to our new business environment. Many townships, counties, and state governments are also coming to realize that the traditional business of government must adapt to these changes in our society. It is imperative that our federal agencies work cooperatively with local communities to enhance a proactive business environment without destroying the atmosphere for

entrepreneurial incubation. Simplifying application formats, providing one-stop shopping for resources and information utilizing current information technology, and reduction in the maze of regulations for new and innovative opportunities to be demonstrated can effectively foster continued economic growth and long term stability based upon the innovative spirit of the American entrepreneur. With this type of cooperative support, local initiatives such as the Southeastern Technology Center can begin to function and create those opportunities for new jobs and businesses well into the next century.



COASTAL AREA DISTRICT DEVELOPMENT AUTHORITY

Business and Economic Development Financing

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Testimony of:

VERNON D. MARTIN

Chief Administrative Officer

COASTAL AREA DISTRICT
DEVELOPMENT AUTHORITY

before the

SUBCOMMITTEE ON ECONOMIC GROWTH AND CREDIT FORMATION
COMMITTEE ON BANKING, FINANCE & URBAN AFFAIRS

Savannah, Georgia

December 15, 1993

Savannah, Georgia

STATEMENT OF VERNON MARTIN, CHIEF ADMINISTRATIVE OFFICER OF THE COASTAL AREA DISTRICT DEVELOPMENT AUTHORITY (BRUNSWICK, GEORGIA) BEFORE THE SUBCOMMITTEE ON ECONOMIC GROWTH AND CREDIT FORMATION OF THE COMMITTEE ON BANKING, FINANCE, AND URBAN AFFAIRS.

Mr. Chairman and members of the Subcommittee on Economic Growth and Credit formation. I am Vernon Martin, the Chief Administrative Officer of the Coastal Area District Development Authority.

Thank you, Mr. Chairman, Congresswoman McKinney and Congressman Kingston, for inviting me to testify at today's hearing. I appreciate you and the members of your subcommittee's interest in asking how the Economic Development Administration can improve their programs. For years, EDA has been and continues to be of crucial and vital importance in funding many economic development projects in and around the Savannah River region and throughout the entire Coastal Georgia area. It is an agency that, since its inception, has been one of the most effective and responsive agencies that can deliver very quick and efficient funding support for the benefit of local units of government, particularly as it relates to economic development.

Before I outline some specific thoughts and recommendations, I would, as you have requested, like to outline our organization which serves all of Coastal Georgia including eight counties and 26 cities and stretches from the South Carolina to the Florida state lines. Outside the Atlanta region, ours is the fastest growing in the state. First, I would like to provide you with a description of our organization and briefly outline the role that it has played in economic growth and development activities throughout Coastal Georgia.

In 1976, Coastal and Southeast Georgia faced the loss of one of the nation's largest seafood processors that employed approximately 850 people, most of whom were minorities. This corporation also had plants in Brownsville, Texas and Nova Scotia, which jointly employed an additional 470 jobs, the majority of whom were also minorities. In order to save this company from liquidation, we were able to receive through EDA a Title IX grant of \$5 million which was converted into a loan and then used in part for the purchase of this company. In addition to this loan, a \$4 million loan by the parent corporation and a \$2 million equity injection by a frozen food company, made the purchase of this seafood processor possible for the employees, thus establishing an Employee Stock Ownership Plan (ESOP). As a result, the company and the employment were saved. I am pleased to inform you that this company today continues to be the nation's third largest seafood processor, and our loan is current.

As a result of this effort, we were able to establish the nation's first revolving loan program, which today is still the largest. Since its creation, we have made over 122 loans through the revolving loan fund totaling approximately \$15 million, which have leveraged another \$16 million in bank participation that has created an/or retained approximately 3,400 jobs in our eight-county region. We also now offer loan programs through the Small Business Administration (SBA) and the Farmers Home Administration (FmHA) which, to date, total approximately \$26 million in loan approvals, with a total job creation and retention of an additional 1,400 jobs. The total number of loans in our portfolio today is approximately 200, with a total value of approximately \$42 million. I am also pleased to tell you that our RLF current level of base capital is approximately \$8.3 million, which represents an increase of approximately \$2.5 million, or 44 percent over the original funding. Only approximately 5 percent of our loans have been written off since 1976. We are extremely proud of this record, which we think reflects good management and wise decisions on the part of our board of directors and loan review committee, which consist of leading businessmen and bankers.

I hope this brief summary of our organization gives you an idea of how the organization functions and of its primary purpose.

It is encouraging to note that your committee has an interest in looking at ways that federal assistance for growth can be delivered more efficiently and responsively. I sincerely hope that you are successful in your efforts to initiate some improvements.

EDA Title I Public Work grants are a major source of infrastructure funding for projects related to economic development. One distinct advantage of the EDA programs is that most projects are funded directly from the federal government to local governments without any requirement or involvement of a state agency. Some of the other federal programs, such as the Department of Housing and Urban Development's Small Cities Community Development Block Grant programs are funneled through states which often attach additional requirements, making funding inflexible and keeping some of the funds for state administrative expenses. This in turn, reduces the amount of funding available to local governments. If you compare the two, it is very clear that the EDA Infrastructure Grants work much more effectively and are more readily available to local units of government without the involvement of an additional governmental entity. EDA, over the years, has established a proven track record for funding beneficial projects that create good, long-term jobs in a cost-effective manner.

EDA grants have been very successful and effective in addressing the primary objective - that of economic development. For example, in fiscal year 1992, EDA awarded 178 public works grants totaling \$153.3 million federal dollars. After local matching funds were added, the projects totalled \$329.5 million. These projects leveraged \$797.6 million in private sector investments and created 28,489 jobs. The

average dollar to job ratio was \$5,382 per job created. In almost all cases, the projects would not have been undertaken and these jobs would not have been created without EDA public works assistance. I think it is important that \$153.3 million in federal funds leveraged approximately seven times that amount in local and private dollars --- \$176.2 million in local funds and \$797.7 million in private funds.

I would like to urge that you and your committee retain the current provision contained in 403 of the Public Works and Economic Development Act of 1965 which provides that public works projects located within an economic development district be given a ten percent increase in the federal share. Additionally, I would like to urge you and your committee to support streamlining the public works grant application process. Currently, as you know, applications must be reviewed by a Federal Assistance Review Board (FARB). The FARB process, added during a previous administration, adds an additional review step which is unnecessary. It should be eliminated to expedite the grant-making process.

In addition to the public works grants which EDA provides, there is another tool which EDA has created and implemented that has become a very valuable and effective tool for economic development throughout the United States. I speak specifically of the Title IX Revolving Loan Fund program which was initiated by EDA in the mid-1970s. This initiative, which creates locally administered RLF programs, has been tremendously successful in many regions throughout the United States. It is something that I hope that you and your committee will continue to support. I have outlined to you previously how successful our organization has been. There are many like us which have also been successful throughout this great country of ours. The success of these organizations highlights the true value of the regional approach to economic development and is something that I hope will merit a great deal of attention and support by you and members of your committee. The program should be kept on the basis of federal-local funding without any intermediary involvement or participation by the state unless there are state funds involved. I am sure that you realize that "all economic development is local," meaning that it effects, more than anyone else, the local citizens and local units of governments where it occurs. Local governments, as well as local development organizations, such as chambers of commerce, industrial development authorities and others must be an integral part of this process.

I believe that it is important for your committee to give serious consideration to the existing organizations which have and continue to operate RLFs; local certified development companies (CDCs) under the Small Business Administration; and in some cases, also administer the Intermediary Relending Program (IRP) through the Farmer's Home Administration. These organizations, some of which have been in existence for more than 15 years, have an established track record, a competent staff and management, and an established relationship with the banking community.

These development organizations throughout each respective region have the institutional knowledge and capabilities to structure economic development loans in an effective and efficient manner. What disturbs me is that some of the programs we see being considered by Congress prohibit these existing organizations from administering the new economic development lending programs that are under consideration. I speak specifically of the community development corporations (CDCs) under the new community bank legislation and the revolving loan fund program that is currently being considered by the Rural Electrification Administration (REA). In these two particular instances, the existing organizations such as ours have not been given priority, and in some cases have been prohibited from being the chosen administrative entity to handle these economic development funding programs. This means that new agencies/organizations for economic development would be created; therefore, duplicating existing organizations which have a successful track record. I hope that your committee can address this important issue and can require all future economic development funding programs, such as this, be administered by organizations which are already in existence.

I would also like to suggest that your committee urge the economic development plans, such as the Overall Economic Development Programs (OEDPs), which have been written by existing economic development districts, be used as a guideline for federal funding for other programs such as the Empowerment Zone / Enterprise Community programs and other development initiatives from HUD and USDA. It makes very little sense and is very expensive to require separate plans be developed for each program when they essentially would be administered in similar or by the very same regions.

Mr. Chairman, I would also like to suggest that your committee give serious consideration to asking the Office of Management and Budget (OMB) to immediately review all audit, financial reporting and other cost-cutting regulations administered by EDA as well as other federal agencies to ensure that they do not require duplicative reports.

Mr. Chairman, again, I appreciate you, Congresswoman McKinney, and Congressman Kingston for having invited us to testify before your subcommittee today. I sincerely hope that some of the suggestions and information that we have provided will be of help to your committee in its deliberations and in its efforts to support and improve EDA as an economic development funding resource. In my opinion, EDA continues to be one of the most effective federal agencies for economic development purposes. If there is anything that we can do to provide additional information or support to you and your committee, please do not hesitate to call on us. Thank you again for your time and for visiting Coastal Georgia.

JACI KINGSTON
1st District, Georgia

1229 Longworth Building
Washington, DC 20515
(202) 225-5931

Committee on Agriculture

Committee on Merchant
Marine & Fisheries



Congress of the United States
House of Representatives

December 14, 1993

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Honorable Paul Kanjorski
Chairman, Subcommittee on Economic
Growth and Credit Formation
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the citizens of the First Congressional District, I welcome you and Congressman Fields to Savannah for the local hearing on "Strategies for Economic Growth" focusing on Savannah and the Savannah River Region. I hope you and all the participants will enjoy the hospitality of our people, their innovative ideas, and the numerous attractions of the area.

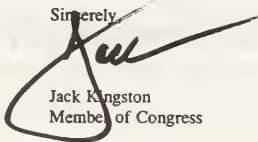
Previously scheduled activities will not allow me to be in the City of Savannah during the hearing. I will be hosting a Town Meeting in the First District county that is furthest from Savannah. I will be in Folkston, the county seat of Charlton County, during the time you have scheduled the hearing. Although I cannot be present, I look forward to reviewing the hearing testimony of the witnesses and to talking to you, Cleo and Cynthia when we return to Washington next month.

Both Representative McKinney and I are privileged to represent the City of Savannah and the Chatham County area. I commend her efforts in working with you and the Subcommittee to schedule this hearing. You will hear from many outstanding citizens, most of whom I have known for years; their experience in economic development throughout the coastal area qualify them to inform you about what is presently happening in Southeast Georgia and to share with you some ideas of where we can look for economic growth in the future.

I trust the suggestions made by the panel witnesses and the questions asked by my congressional colleagues will assist all of us in our common goal -- increasing opportunities for economic development for our local communities.

Again, welcome to the hospitality of the citizens of Savannah and our coastal area.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jack Kingston', written over the word 'Sincerely,'.

Jack Kingston
Member of Congress

TESTIMONY

presented by

GEORGIA PORTS AUTHORITY

before

ECONOMIC GROWTH AND CREDIT FORMATION SUBCOMMITTEE
of the
HOUSE BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE

December 15, 1993
Savannah, Georgia

The Georgia Ports Authority (GPA) welcomes this opportunity to present its views on strategies for economic growth before the House Banking, Finance and Urban Affairs Subcommittee on Economic Growth and Credit Formation.

Established in 1733 on the bluffs of the Savannah River, the Port of Savannah has been key to the economic growth and vitality of Georgia. It serves as the state's gateway to domestic and international trade, ensuring a variety of low cost goods and services are available to consumers.

Where commerce has flourished, so too have the economic benefits. Today, more than 63,000 Georgians trace their economic livelihood to maritime related activities. These jobs generate more than \$189 million in state and local taxes that help fund essential public services. In addition, the port generates more than \$200 million annually in U.S. Customs collections.

The Port of Savannah is also vital for our nation's security. With its rapid deployment capability, the port was a key strategic asset in the mobilization and supply of our troops during World War II and more recently during the Persian Gulf and Somalia operations.

The Georgia Ports Authority is charged with providing excellent port facilities that allow ships to transfer cargo between water carriers and land transportation. In promoting these facilities for use among the world's trading nations, GPA creates a competitive advantage by allowing Georgia's companies to leverage their strength in world commerce both as exporters and as importers.

GPA's ability to continue to capitalize on world markets and provide a vital trade link in the global marketplace hinges on GPA's enhanced ability to meet customer needs. Improvements to streamline navigational and land barriers will continue to boost GPA's operational efficiency by moving freight smoothly, efficiently, and economically.

Chief among the enhancements is the construction and maintenance of a deeper shipping channel to permit the new, deep draft ships to travel unimpeded to the port complex. The Savannah River channel is currently being deepened from 38 feet at mean low water to 42 feet. The \$35-45 million project is scheduled for completion in early spring 1994.

This cost is shared between the state and federal governments. Only projects determined to be in the national interest are subject to federal cost sharing. Maintenance of federal channel dredging is funded totally by a tax assessed on the value of the cargo moving through the port.

In addition to this new work, the Port of Savannah shipping channels and berths require regular maintenance dredging because of the high build-up of silt.

A deeper shipping channel is absolutely critical if Savannah is to continue to attract its share of growing world markets. Today's vessels are getting larger and hauling more cargo.

The deeper channel, combined with the new bridge offering increased vertical clearance and the widening of the channel make Savannah accessible to 98 percent of the ships now plying the world's trade lanes.

As a result, more than 50 major steamship lines call on Savannah, reaching more than 100 countries throughout the world. In the last year alone 13 lines either added or expanded service to the Port of Savannah.

GPA set new volume records in the fiscal year ending June 30, 1993 a pattern that has continued for the first quarter of this fiscal year.

This is the sixth consecutive year in which total tonnage as well as the number of ocean-going containers has increased. This performance is more remarkable given the world-wide economic slow-down and the fact that the steamship lines are operating on razor thin margins.

This performance underscores the port's commitment to providing a modern and efficient facility. In today's increasingly competitive arena, if the port cannot accommodate the ships, the steamship lines will turn to a competitor in another state jeopardizing the more 63,000 jobs, the taxes and the economic impact.

Also at risk is the quality of our lives. If goods are not transported efficiently they will cost more and compromise our competitiveness in world markets.

Funding the Intermodal Surface Transportation Efficiency Act of 1991 making the landside link to ports and, funding the annual Construction Budget of the Corps of Engineers is essential to meeting the demands of increased cargo tonnage and vessel movements by larger ships in the international fleet calling Georgia's ports.

**NATIONAL
OFFICE
SYSTEMS
INC.**

120 Jefferson Street • Savannah, GA 31401 • 912 238 0539 • FAX 912 238 0628

December 15, 1993

Hon. Paul E. Kanjorski, Chairman
Subcommittee on Economic Growth &
Credit Formation of the House
Banking, Finance and Urban Affairs
Committee

Dear Congressman Kanjorski and Committee Members:

Thank you for this opportunity to address the Strategies for Economic Growth Field Hearing. One of the major obstacles to economic growth for my company and hundreds like mine is unfair Competition from the Federal Prison Industries.

FPI uses convict labor to assemble furniture which it sells to the Federal Government regardless of price. While companies like my own can only provide our product to the government if we are the lowest bidder, FPI has no such restriction. It is very difficult in today's economy for a small business to flourish, providing jobs and tax revenues, even without having to compete with the federal government.

FPI operates at a deficit costing the taxpayers tens of millions of dollars, not to mention the tax dollars lost due to reduced business in the private sector. Combine this with the increased cost and misery caused by the jobs lost because of reduction of government sales by private industry, then you have a strong argument for limiting FPI.

The money generated by FPI sales does not go into building more prisons. It goes toward building or reequipping prison factories that displace law-abiding American workers. Incidentally, the product produced by FPI is consistently shoddy. FPI is exempt from OSHA and EPA regulations as well as minimum wage laws.

In addition to the furniture industry of which I am involved, FPI steals business from the textile, electronics, clothing, and metal products industries. A better use of the inmates time would be in projects such as dismantling recyclables, reforestation, and disaster assistance.

Again, I would like to than you for this opportunity. Please feel free to contact me with any questions.

Sincerely



Scott Center
President

PIRA

prison industries reform alliance

PIRA is asking its supporters to contact their Congressman and Senators during the Holiday Recess and explain the impact that Federal Prison Industries (FPI) is having on their company, union, or members.

The following information should help in these discussions.

FPI TRUTHS AND MYTHS

- Federal Prison Industries, FPI, has displaced thousands of American workers in the textile and apparel, furniture, electronics and metal products industries - industries which are also feeling the impact of foreign made products. It has contributed to the closing of many American companies.
- FPI is the 51st largest supplier to the Federal Government. It sells more to the Federal Government than Ford, Exxon or Xerox.
- FPI is the tenth largest manufacturer of office furniture in the United States. Almost half of FPI's products are furniture or furniture related.
- While FPI claims that it sells only one-sixth of one percent of the overall Federal market, that market includes tanks, battleships and planes. It also claims that for those products it produces that it only provides 1.9 percent of the total Federal market. But if there is a comparison by specific products such as safety signs (100% of the Federal market), mattresses (100% of the Federal market) or draperies (over 80% of the Federal market), then the real impact is shown.
- FPI's "profits" do not go toward the cost of keeping inmates in prison, rather the profits go toward building and equipping new prison factories.
- While FPI claims that it has higher costs than private sector companies because of security costs, those are costs that the prison system would have to bear anyway (prisoners have to be guarded regardless of what they are doing). On the other hand, FPI does not have to meet OSHA and EPA regulations, pay workers or unemployment compensation, pay FICA and other government mandated programs, or provide vacation pay. And inmate labor is paid between 20 cents and \$1.10 an hour.

800 Calder Plaza Building, Grand Rapids, Michigan 49503
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CURRENT SITUATION
FPI Summit and FPI's Possible Legislative Action

Federal Prison Industries recently held a "1993 Summit on Federal Prison Industries" at which time they unveiled their future plans. While industry and labor negotiated in good faith during this summit, our view point was totally ignored in FPI's final summit report. The "recommendations" of the final report will most likely be issued in a legislative package early next year.

Industry and labor disagreed with many of FPI's proposed plans:

- Industry and labor are unanimously opposed to extending the FPI superpreference to services;
- while some expansion must occur in services, further discussions are necessary with industry and labor included up-front;
- opportunities exist in subcontracting for which FPI is not taking full advantage;
- Industry and labor are unanimously opposed to requirements for contractors to set "plans and goals" for subcontracting to FPI;
- industry and labor are unanimously opposed to requirements for contractors to set "plans and goals" for hiring ex-convicts;
- Industry and labor are totally opposed to any expansion involving offshore products, as it will open the door for FPI to sell into the private sector. Currently FPI can manufacture "off-shore" products which are sold to the government;
- Industry and labor endorse the expansion of FPI into recycling (e.g. sorting plastics, tearing down mattresses and auto seats) which is limited to services to government agencies (not private sector companies), but further discussion and research is necessary;
- Industry and labor unanimously oppose any expansion in any alternative products which in any way involve the private sector.

PIRA believes that the Federal Bureau of Prisons has an obligation to provide training, educational, and work opportunities to inmates, and recognizes the correctional value in keeping inmates busy. But rather than manufacturing products which take jobs away from law-abiding taxpayers, PIRA supports the use of convict labor by governmental entities for specific projects such as sorting and/or dismantling recyclables, reforestation projects on government land, and disaster assistance projects. Of course, any of these projects should be closely examined prior to startup for potential impact on local business and labor.

PIRA is currently drafting legislation which will redirect Federal Prison Industries activities into such projects and product which do not harm American Business and displace American Workers.

Regulatory Reform

Community Reinvestment Act (CRA)

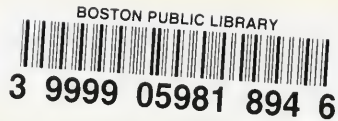
- Enlarge and reinforce CRA for Economic Development.
- Economic development activities have not been given priority in CRA programs.

To be more ED Effective:

- Reduce paper work burden on banks.
- Encourage credit participation with non-profit intermediaries and or formation of same.
- Encourage lending to non-profit intermediaries focused on inner city missions.
- Focus on qualitative job creation for low/mod income people, not quantitative.
- Standardize underwriting criteria for small business development lending.
- Stronger commercial lending data disclosure.

Davis Bacon

Increase Davis Bacon cap on CDBG from \$2,000.00 to \$250,000.00. DB typically adds 15% to 30% to CDBG funded projects. This is prohibitive in smaller ED projects.

Small Business DevelopmentMicro Lending

1. In the National Performance Review, V.P. Gore recommended that the SBA Micro Loan Demonstration Program be moved out of a direct Lending Program and into a guaranteed lending structure.

- SBA would maintain responsibility for selecting and training intermediary lenders.
- Intermediaries would borrow from local banks with a 100% SBA Guaranty.

We support this concept because:

- Local banks and non-profits need stronger program to build their relationships with this construction base (market segment).
- More funds will be made available to intermediaries because of leverage brought about by the guaranty framework.
- Local lenders lending for re-lending purposes would be more flexible and efficient than centralized loan servicing.
- Local lenders would be allowed to fulfill Community Reinvest Act requirements.
- Would Free SBA to concentrate on effective selection and development of intermediary lenders.

Venture Capital

Encourage and facilitate licensed private sector venture capital firms similar to SBA Small Business Investment Companies. There is critical need for venture capital to expand minority firms.



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